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

Eightieth Session
May 17, 2019

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Maggie Carlton at 7:19 a.m. on Friday, May 17, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Dina Neal
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Chris Brooks
Senator Yvanna D. Cancela
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator James A. Settelmeyer

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Hambrick

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic Senate Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Cathy Crocket, Senior Program Analyst
Brody Leiser, Senior Program Analyst
Stephanie Day, Program Analyst
Colby Nichols, Program Analyst
James Malone, Program Analyst
Sally Ravenelle, Program Analyst,
Janice Wright, Committee Secretary
Lisa McAlister, Committee Assistant

After a call of the roll, Chair Carlton reminded those in attendance to silence electronic devices, and then she reviewed the rules of the Committees. The meeting would begin with budget closings deferred from the previous day.

Chair Carlton said the first item on the agenda was budget closings for the Department of Wildlife.

INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - DIRECTOR'S OFFICE (101-4460)
BUDGET PAGE WILDLIFE-6

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4460 funded the Director's Office of the Department of Wildlife. The Director's Office was responsible for the general administration of the Department of Wildlife (DOW) including fiscal services and human resources administrative support functions. The budget had historically been funded with federal grant funds, indirect cost allocations charged to other DOW divisions, and unrestricted license and fee revenues transferred from the Wildlife Fund (Sportsmen revenue); however, the Governor recommended General Fund appropriations for the 2019-2021 biennium to fund the costs incurred by DOW staff in responding to public records requests and deferred maintenance requests. Budget account 4460 had three major closing issues.

1. State General Fund support for public records requests.
2. Deferred maintenance.
3. Position transfers to centralize engineering and fiscal administration staff.

The General Fund support for public records requests was included in decision unit Enhancement (E) 280. The Governor recommended General Fund appropriations of $70,039 in each year of the 2019-2021 biennium with corresponding decreases in Sportsmen revenue to fund the costs incurred by DOW staff in responding to public records requests. The cost for the recommendation was based on the percentage of time four positions spent on public records requests listed in the following table.

Cost of Staff Time Spent on Public Records Requests			
Position	**Annual Cost**	**% of Time on Record Requests**	**Annual Cost Estimate**
Director	$ 127,906	8%	$ 10,232
Deputy Director - Resource	$ 117,453	35%	$ 41,109
Deputy Director - Admin. Services	$ 117,453	8%	$ 9,396
Administrative Assistant	$ 37,208	25%	$ 9,302
		Total Cost per Year	**$ 70,039**

Mr. Nichols advised that there appeared to be inconsistencies in how the costs associated with the estimates above were calculated. Certain positions had outdated or incorrect salary information, and some salaries included fringe costs but others did not. The Fiscal Analysis Division staff worked with the agency and the Office of Finance, Office of the Governor, to obtain updated calculations for the cost of staff time spent on public records requests based on updated salary information. Those revised calculations indicated the total cost of staff time spent responding to public information requests would be $90,588 in fiscal year (FY) 2020 and $91,427 in FY 2021. The following table displayed how those updated amounts were calculated.

Updated Cost of Staff Time Spent on Public Records Requests (Including Fringe Costs					
Position	**Annual Cost (FY 2020)**	**Annual Cost (FY**	**% of Time on Record Requests**	**Total Cost Estimate (FY 2020)**	**Total Cost Estimate (FY 2021)**
Director	$163,332	$163,854	8%	$13,067	$13,108
Deputy Director - Resource	$147,238	$147,728	35%	$51,533	$51,705
Deputy Director - Admin. Services	$147,238	$147,728	8%	$11,779	$11,818
Admin. Assistant	$56,836	$59,182	25%	$14,209	$14,796
			Total Cost per Year	**$90,588**	**$91,427**

The Department indicated the use of General Fund appropriations, rather than Sportsmen revenue, to support public records requests was appropriate because of the broad social benefits associated with the service. Testimony provided by the agency during the budget hearing indicated the number of public records requests received by DOW had increased in recent years. The agency provided data regarding the number of requests received annually since 2016 that was summarized in the following table.

Public Records Requests Received				
Year	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019***
Number of Requests	56	92	115	122
*FY 2019 data projected on annualization of 102 requests received through April 2019				

Mr. Nichols note the Subcommittees previously inquired about how the two public information officer positions in DOW's Conservation Education BA 4462 were involved in responding to public records requests. The agency responded that the public information officer positions were not responsible for responding to public records requests because those requests were managed through the Director's Office. The Subcommittees also previously inquired about the rationale to fund the costs associated with responding to records requests with General Funds as opposed to Sportsmen revenue. The agency indicated that public records requests could come from a variety of individuals and organizations, including conservation and animal rights groups, and could involve urban-wildlife conflicts, data requests, and necropsy reports. The agency believed the use of General Funds was more appropriate than Sportsmen revenue that was derived from the various fees and licenses assessed to hunters and anglers.

Mr. Nichols asked whether, based upon the corrected personnel cost calculations, the Committees wished to approve the Governor's recommendation for General Fund appropriations of $90,588 in FY 2020 and $91,427 in FY 2021, as corrected, to fund the cost of staff time in responding to public records requests. The corrections would increase General Fund appropriations by $20,549 in FY 2020 and $21,388 in FY 2021 compared to the amounts recommended in The Executive Budget.

Assemblywoman Titus said the requests for records and information requests had almost doubled. She asked whether the increase resulted because the public and out-of-state individuals could attend wildlife tag draws. She expressed concern about the dramatic increase in public records requests.

Mr. Nichols responded that he was unaware of any specific breakdown in the number of public records requests. The information provided by the agency indicated that those requests came primarily from animal rights groups, conservation groups concerned with the predator management, and urban-wildlife conflicts.

Chair Carlton said there were a number of budget recommendations to replace Sportsmen revenue with General Fund. She wanted to be consistent and logical on those matters. She cited a recent request for a new building during an Interim Finance Committee (IFC) meeting. She needed to fit all the pieces of the puzzle together appropriately. Based on the information she received on decision unit E-280, she would not be supportive of using General Funds. There were several other items that she would support to switch from Sportsmen revenue because those items had more nexus to General Fund. She thought it would be a process. She noted the Committees had made cuts, addbacks, and adjustments during the last several weeks, and she would not support switching to General Fund to support public records requests.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES NOT APPROVE SWITCHING FROM SPORTSMEN REVENUES TO GENERAL FUNDS TO FUND PUBLIC RECORDS REQUESTS IN BUDGET ACCOUNT 4460.
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> SENATOR WOODHOUSE SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols said deferred maintenance was the next major closing issue. The Executive Budget recommended deferred maintenance for the Department in decision units E-730, E-731, and E-732. The combined cost of recommended deferred maintenance totaled \$507,964 (\$432,478 in General Fund appropriations) over the 2019-2021 biennium. The agency indicated that the maintenance items included in those three decision units had been deferred because of budget limitations, and further deferral could potentially render some facilities unusable. The recommended funding for the three decision units in FY 2020 would pay for high-priority deferred maintenance projects, and the recommended funding in FY 2021 would pay for lower-priority deferred maintenance projects. The high-priority maintenance items recommended for FY 2020 included water treatment, hazardous material compliance, installation of safety cabinets, sealing of cracks in asphalt, pest-control activities, septic pumping, tree removal, and weed abatement. The lower-priority items recommended for FY 2021 included exterior painting, roofing, siding repairs, flooring repairs and replacement, and replacement of water heaters.

Mr. Nichols explained that decision unit E-730 funded deferred maintenance for fish hatchery facilities. The Governor recommended General Fund appropriations totaling \$77,947 in FY 2020 and \$174,792 in FY 2021 to fund deferred maintenance at state-owned fish hatchery facilities. The Fiscal Analysis Division staff inquired about the rationale to fund the recommendation entirely with General Funds and whether any federal Sportfish Restoration grants would be available to support the costs of maintenance. The agency indicated that no Sportfish Restoration grant funding was available for those projects. The goal of the recommendation would be to have sufficient funding for maintenance work to avoid emergency situations.

Mr. Nichols asked whether the Committees wished to approve General Fund appropriations of $77,947 in FY 2020 and $174,792 in FY 2021 to fund deferred maintenance costs at fish hatchery facilities as recommended by the Governor.

Chair Carlton suggested that the funding not be switched to General Fund but remain as Sportsmen revenue.

Assemblyman Kramer said there had been a problem with nexus on various other expenses being funded with Sportsmen revenue that were not related to sportsmen categories or wildlife. The deferred maintenance at fish hatcheries appeared more directly related to sportsmen and should not be funded with General Funds.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYMAN KRAMER MOVED THAT THE COMMITTEES NOT APPROVE THE GOVERNOR'S RECOMMENDATION FOR GENERAL FUND APPROPRIATIONS OF $77,947 IN FY 2020 AND $174,792 IN FY 2021 BUT INSTEAD USE SPORTSMEN REVENUE TO FUND DEFERRED MAINTENANCE COSTS AT FISH HATCHERY FACILITIES.
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> SENATOR WOODHOUSE SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols noted that decision unit E-731 funded the deferred maintenance for wildlife management area (WMA) facilities. The Governor recommended total funding of $29,049 in FY 2020 and $71,600 in FY 2021 for deferred maintenance on state-owned WMA facilities. The funding contained in the recommendation consisted of approximately 25 percent General Funds and 75 percent federal funds. In response to staff questions regarding how maintenance at WMA facilities had been funded historically, the agency responded that it had used Question 1 bond funding that was no longer available because that funding had been encumbered, as well as Sportsmen revenue. The agency indicated it had historically only addressed maintenance needs that became an emergency.

Mr. Nichols asked whether the Committees wished to approve total expenditures of $29,049 in FY 2020 and $71,600 in FY 2021, funded 25 percent with General Funds and 75 percent with federal funds, for deferred maintenance for wildlife management area facilities as recommended by the Governor.

Chair Carlton suggested that this decision was similar to the previous decision, and the Committees should not switch to General Fund to support the cost.

Assemblyman Wheeler asked whether the decision to fund the deferred maintenance with Sportsmen revenue would jeopardize any federal funds.

Mr. Nichols said he understood that funding deferred maintenance with Sportsmen revenue would not jeopardize any federal funds.

Assemblyman Kramer said he could understand fisheries maintenance being funded with Sportsmen revenue. He was unsure whether wildlife management areas should be funded 100 percent with Sportsmen revenue. Wildlife management areas allowed the public to view wildlife and receive benefits in addition to the animals that were harvested by sportsmen. He was unable to support 100 percent funding with Sportsmen revenue for deferred maintenance at wildlife management areas.

Chair Carlton responded that she understood his concern. There were other items that should be switched to General Fund. Only 25 percent of the wildlife management areas deferred maintenance would be funded with Sportsmen revenue. She weighed all the different concerns before arriving at her opinion regarding decision unit E-731. She believed that 25 percent should be funded with Sportsmen revenue and 75 percent with federal funds.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE DECISION UNIT E-731 WITH TOTAL EXPENDITURES OF $29,049 IN FISCAL YEAR (FY) 2020 AND $71,600 IN FY 2021 FUNDED 25 PERCENT WITH SPORTSMEN REVENUES AND 75 PERCENT WITH FEDERAL FUNDS FOR DEFERRED MAINTENANCE FOR WILDLIFE MANAGEMENT AREA FACILITIES.
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> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblyman Kramer voted no. Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols stated that decision unit E-732 funded deferred maintenance for DOW office facilities. The Governor recommended General Fund appropriations of $43,773 in FY 2020 and $110,803 in FY 2021 to fund deferred maintenance at various DOW office facilities including facilities in Elko, Ely, Fallon, Laughlin, Minden, Winnemucca, and Reno, as well as a DOW storage shed at Cathedral Gorge. The agency indicated federal funds were not available for maintenance of office facilities. The agency had used Question 1 funds and Sportsmen revenue to address maintenance needs that became emergencies. The agency believed the use of General Funds for those costs was appropriate because DOW was responsible for the management of wildlife species and conservation efforts that benefitted the state as a whole.

Mr. Nichols asked whether the Committees wished to approve General Fund appropriations of $43,773 in FY 2020 and $110,803 in FY 2021 to fund deferred maintenance at various DOW office facilities as recommended by the Governor.

Chair Carlton said this item appeared to be the same argument as getting a new building paid with Sportsmen revenue. She recommended the Committees not approve the maintenance funded with General Fund and retain the Sportsmen revenue funding.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES NOT APPROVE GENERAL FUND APPROPRIATIONS OF $43,773 IN FY 2020 AND $110,803 IN FY 2021 AND INSTEAD USE SPORTSMEN REVENUE TO FUND DEFERRED MAINTENANCE AT VARIOUS OFFICE FACILITIES.
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> SENATOR WOODHOUSE SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols stated that the next item was position transfers to centralize engineering and fiscal administration staff in decision units E-500, E-903, and E-904. The Governor recommended the centralization of DOW's fiscal administration and engineering staff within the Director's Office budget account (BA) 4460 and centralization of DOW's technology staff within the Operations BA 4461. The proposed reorganization would allow the Operations BA 4461 to focus on technological operations regarding the agency's licensing, geographic information systems, and data management functions. The recommendation included the transfer of six positions and associated costs from the Operations BA 4461 to the Director's Office BA 4460. Fiscal staff noted that those recommended position transfers did not change the funding source or duty location of the positions affected. If approved, the staff in the Director's Office would increase from 21 full-time-equivalent (FTE) positions to 27 FTE positions.

Mr. Nichols explained the decision units related to the reorganization. The first was the transfer of five positions from Operations to the Director's Office in decision units E-500 and E-903. The Governor recommended the transfer of five positions, related personnel, and associated operating costs totaling $2.2 million in FY 2020 and $2.3 million in FY 2021 from the DOW's Operations BA 4461 to the Director's Office BA 4460. The positions recommended for transfer included two professional engineers, one fleet specialist, one construction project coordinator, and one conservation staff specialist. The agency previously indicated those positions worked in engineering, and the duties were more appropriately aligned with the Director's Office budget. Fiscal staff noted that the decision units would also transfer revenues and expenditures related to various construction and engineering contracts as well as operating lease payments for copying, printing, and postage machines used by the Department. The transfer was contingent upon the approval of the companion decision unit E-903 in the Operations BA 4461.

Decision unit E-500 adjusted the transfers recommended in E-903 to allow certain operating costs for those positions to be recorded under a new operations expenditure category to provide improved management of operating costs in the Director's Office BA 4460. Fiscal staff confirmed with the agency and the Office of Finance, Office of the Governor, that decision unit E-903 should be revenue neutral; however, The Executive Budget included a cost associated with E-903. Accordingly, Fiscal staff made technical adjustments to correct certain buildings and grounds related expenditures and to remove the revenues that were not needed in the decision unit.

Mr. Nichols asked whether the Committees wished to approve the transfer of five positions and associated operating costs from the Operations BA 4461 to the Director's Office BA 4460 as recommended by the Governor with the noted technical adjustment.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE THE TRANSFER OF FIVE POSITIONS AND ASSOCIATED OPERATING COSTS FROM THE OPERATIONS BUDGET ACCOUNT 4461 TO THE DIRECTOR'S OFFICE BUDGET ACCOUNT 4460 AS RECOMMENDED BY THE GOVERNOR WITH THE NOTED TECHNICAL ADJUSTMENT.
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> SENATOR PARKS SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols explained that the next item was the transfer of an administrative assistant position from Operations BA 4461 to the Director's Office BA 4460 in decision unit E-904. The Governor recommended the transfer of personnel and associated operating costs totaling $53,693 in FY 2020 and $55,894 in FY 2021 for one administrative assistant position from the Operations BA 4461 to the Director's Office BA 4460. The position currently worked in the fiscal administration section in the Director's Office, and the transfer to the Director's Office BA 4460 better aligned the position's duties and responsibilities with the appropriate budget. A companion decision unit E-904 was contained in the Operations BA 4461.

Mr. Nichols asked whether the Committees wished to approve the transfer of an administrative assistant position from the Operations BA 4461 to the Director's Office BA 4460 as recommended by the Governor.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYMAN WHEELER MOVED THAT THE COMMITTEES APPROVE THE TRANSFER OF AN ADMINISTRATIVE ASSISTANT POSITION FROM THE OPERATIONS BUDGET ACCOUNT 4461 TO THE DIRECTOR'S OFFICE BUDGET ACCOUNT 4460 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.
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> SENATOR WOODHOUSE SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)
>
> BUDGET CLOSED.

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Chair Carlton said there were no other closing items, and Fiscal staff requested authority to make further technical adjustments to the budgets as needed, and she believed that was included in the previous motion. She clarified that the first motion was the Committees moved not to approve General Fund to replace Sportsmen revenue.

Assemblywoman Titus appreciated the clarification. She had for many years been concerned about the uses of Sportsmen revenue. She believed that Sportsmen revenue should be used for habitat restoration. She agreed with Chair Carlton and appreciated the recognition that the state benefitted from DOW's projects. Those efforts should be advanced, and she looked forward to using General Funds for other DOW projects.

INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - OPERATIONS (101-4461)
BUDGET PAGE WILDLIFE-13

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the Operations Division, Department of Wildlife, was responsible for the business processes, support functions, and management of customer service programs for the Department of Wildlife (DOW). There was one major closing issue related to position transfers to centralize information technology staff in decision units Enhancement (E) 901 and E-902. The Governor recommended the centralization of DOW’s technology staff within the Operations budget account (BA) 4661 that was proposed to be retitled the Data and Technology Services (DATS) budget. The recommendation included the transfer of four positions and associated costs from other Department budgets to the DATS budget. There was no change in the funding source or duty location of the positions transferred. The intent of the proposed reorganization was to streamline DOW's geographic information system (GIS) and data management programs and centralize technologies that were currently inefficiently positioned across multiple divisions.

Mr. Nichols explained the decision units to centralize technology staff in the budget. The first decision unit was E-901 that recommended the transfer of one biologist position and associated revenues and expenditures totaling $86,190 in fiscal year (FY) 2020 and $89,807 in FY 2021 from Game Management, BA 4464, to Operations, BA 4461. The biologist position worked as a GIS specialist, and the duties and responsibilities aligned with the Department's reorganization goal to consolidate all GIS positions into one budget. The position was involved in data management and analysis and performed certain cartographical and database development duties as needed. The companion decision unit E-901 was contained in the Game Management BA 4464.

Mr. Nichols asked whether the Committees wished to approve the transfer of a biologist position and its associated revenues and expenditures totaling $86,190 in FY 2020 and $89,807 in FY 2021 from the Game Management BA 4464 to the Operations BA 4461 as recommended by the Governor.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE THE TRANSFER OF A BIOLOGIST POSITION AND ITS ASSOCIATED REVENUES AND EXPENDITURES TOTALING $86,190 IN FISCAL YEAR (FY) 2020 AND $89,807 IN FY 2021 FROM THE GAME MANAGEMENT BUDGET ACCOUNT 4464 TO THE OPERATION BUDGET ACCOUNT 4461 AS RECOMMENDED BY THE GOVERNOR.
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> SENATOR PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols stated that the next item was the transfer of three positions from the Diversity Division BA 4466 to Operations, BA 4461, in decision unit E-902. The Governor recommended the transfer of one wildlife staff specialist position and two biologist positions and associated revenues and expenditures totaling $277,769 in FY 2020 and $287,943 in FY 2021 from the Diversity Division BA 4466 to the Operations BA 4461. Those positions served as GIS and data management specialists and aligned with the Department's consolidation plans. The biologists and wildlife staff specialist performed GIS and data management duties. A companion decision unit E-902 was contained in the Diversity Division, BA 4466.

Mr. Nichols asked whether the Committees wished to approve the transfer of one wildlife staff specialist position and two biologist positions and associated revenues and expenditures totaling $277,769 in FY 2020 and $287,943 in FY 2021 from the Diversity Division BA 4466 to the Operations BA 4461 as recommended by the Governor.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE THE TRANSFER OF ONE WILDLIFE STAFF SPECIALIST POSITION AND TWO BIOLOGIST POSITIONS AND ASSOCIATED REVENUES AND EXPENDITURES TOTALING $277,769 IN FISCAL YEAR (FY) 2020 AND $287,943 IN FY 2021 FROM THE DIVERSITY DIVISION BUDGET ACCOUNT 4466 TO THE OPERATIONS BUDGET ACCOUNT 4461 AS RECOMMENDED BY THE GOVERNOR.
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> SENATOR PARKS SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols said there were five other closing items. Other closing item 1 related to information technology costs for a conservation educator position in decision unit E-275. The Governor recommended $2,837 over the 2019-2021 biennium, funded with a combination of federal funds, Sportsmen revenue, and Resource Enhancement Stamp revenue, for computer hardware and Division of Enterprise Information Technology Services (EITS), Department of Administration, email and phone assessments for the new conservation educator position recommended for the Conservation Education BA 4462. Decision unit E-275 was contingent upon approval of the companion decision unit E-275 to add the position in the Conservation Education BA 4462. The recommendation appeared reasonable contingent on the Committees' approval of the companion decision unit. Other closing item number 2 appeared reasonable**.** Other closing items numbers 3 and 4 were the companion decision units E-903 and E-904 for the transfer of six positions to the Director's Office BA 4460. As discussed in the Director's Office closing, the decision unit would transfer the personnel and associated operating costs of five positions totaling $2.2 million in FY 2020 and $2.3 million in FY 2021 from the Operations BA 4461 to the Director's Office BA 4460 as part of the effort to centralize all fiscal administration and engineering staff within the Director's Office. Decision unit E-903 was contingent upon approval of a companion decision unit E-903 within the Director's Office, BA 4460. The recommendation appeared reasonable contingent on the Committees' approval of companion decision unit E-903 in the Director's Office BA 4460. The transfer of an administrative assistant position to the Director's Office was in decision unit E-904. The recommendation appeared reasonable contingent on the Committees' approval of the companion decision unit E-904 in the Director's Office, BA 4460.

Other closing item 5 would transfer of costs for the state lands agent to the Habitat BA 4467 in decision unit E-905. The agency funds used one state lands agent with Sportsmen revenue via an interagency transfer from Operations, BA 4461, to the State Lands BA 4173, State Department of Conservation and Natural Resources. The Executive Budget recommended transferring $81,731 in FY 2020 and $85,438 in FY 2021 from Operations, BA 4461, to the Habitat BA 4467 and continuing to fund the state lands agent position and associated costs with Sportsmen revenue. The recommendation appeared reasonable contingent on the Committees' approval of the companion decision unit in the Habitat BA 4467.

Mr. Nichols asked whether the Committees wished to approve other closing item 1 consistent with the Committees' action on the companion decision unit in the Conservation Education budget account 4462, other closing item 2 as recommended by the Governor, other closing items 3 and 4 consistent with the Committees' action on the companion decision units in the Director's Office BA 4460, and other closing item 5 consistent with the Committees' action on the companion decision unit in the Habitat BA 4467. Finally, staff requested authority to make technical adjustments to the budget as needed.

SENATOR GOICOECHEA MOVED THAT THE COMMITTEES APPROVE OTHER CLOSING ITEM 1 CONSISTENT WITH THE COMMITTEES' ACTION ON THE COMPANION DECISION UNIT IN THE CONSERVATION EDUCATION BUDGET ACCOUNT 4462, OTHER CLOSING ITEM 2 AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEMS 3 AND 4 CONSISTENT WITH THE COMMITTEES' ACTION ON THE COMPANION DECISION UNITS IN THE DIRECTOR'S OFFICE BUDGET ACCOUNT 4460, OTHER CLOSING ITEM 5 CONSISTENT WITH THE COMMITTEES' ACTION ON THE COMPANION DECISION UNIT IN THE HABITAT BUDGET ACCOUNT 4467 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

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INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - CONSERVATION EDUCATION (101-4462)
BUDGET PAGE WILDLIFE-22

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4462 funded Conservation Education, Department of Wildlife, that promoted citizen interest, understanding, and involvement in the management of the state's wildlife resources by educating the public about the value of wildlife in Nevada and promoting ethical use of the state's wildlife resources through hunter and angler education programs, wildlife education, and marketing programs. There were two major closing issues in BA 4462.

1. New conservation educator position.
2. Funding source change for two conservation educator positions.

The new conservation educator position was in decision unit Enhancement (E) 275. The Governor recommended General Fund appropriations of $60,725 in fiscal year (FY) 2020 and $76,400 in FY 2021 to fund one new conservation educator position for the Department of Wildlife's (DOW) Reno office to serve as an outdoor connection coordinator. The agency made an effort to perform outreach to groups that did not hunt or fish to build support for DOW's programs and activities. The major duties of the position included the development and enactment of an initiative to recruit, retain, and reactivate individuals participating in outdoor activities. The position would also develop and maintain relationships with business and community partners to enhance DOW's program offerings with the goal of promoting increased participation in DOW programs. In addition, the position would work with DOW's marketing staff to develop relevant content to promote effective outreach and customer engagement. The position would also develop and coordinate educational programs to facilitate agency customers and outdoor recreationalists to become stronger supporters of DOW's mission.

The Assembly Committee on Ways and Means and Senate Committee on Finance, Subcommittees on Public Safety, Natural Resources, and Transportation previously inquired whether any of the existing conservation educator positions performed any of those duties. The agency indicated that existing positions performed those duties in a limited capacity; however, the agency believed having a position dedicated to outreach for the general public would benefit conservation efforts in the state as a whole. The Fiscal Analysis Division staff inquired whether any federal funds were available for those activities. The agency indicated that while federal funding for the recruitment, retention, and reactivation of hunters and anglers was available, no such funding source was available for those activities for wildlife enthusiasts and citizens who did not hunt or fish. The agency believed the recommendation to use General Funds for the position was warranted because the position would improve knowledge and support for wildlife conservation in the state as a whole, and the proposed benefits would not be limited to hunters and anglers.

Mr. Nichols asked whether the Committees wished to approve a new conservation educator position for DOW's Reno office to serve as an outdoor connection coordinator funded with General Fund appropriations of $60,725 in FY 2020 and $76,400 in FY 2021 as recommended by the Governor.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE A NEW CONSERVATION EDUCATOR POSITION FOR THE DEPARTMENT OF WILDLIFE'S RENO OFFICE TO SERVE AS AN OUTDOOR CONNECTION COORDINATOR FUNDED WITH GENERAL FUND APPROPRIATIONS OF $60,725 IN FISCAL YEAR (FY) 2020 AND $76,400 IN FY 2021 AS RECOMMENDED BY THE GOVERNOR.
>
> SENATOR GOICOECHEA SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Nichols said that major closing issue 2 was the funding source change for two conservation educator positions in decision unit E-350. The Governor recommended General Fund appropriations of $77,514 in FY 2020 and $82,264 in FY 2021 with matching reductions in Sportsmen revenue for two conservation educator positions that functioned as urban wildlife coordinators. Those two positions were originally approved by the Legislature during the 78th Session (2015) as nine-month seasonal positions funded with General Fund appropriations; however, both positions were converted from seasonal to full-time positions in March 2018, with the additional costs funded with Sportsmen revenue. The recommendation would allow those positions to be fully funded with General Fund appropriations.

Mr. Nichols said Fiscal staff asked the agency to explain the decision to convert those positions to full-time. The agency indicated the position's part-time status limited the Department's ability to adequately address the growing number of calls and requests regarding human-wildlife conflicts. Nevada's increasing wildlife population had resulted in an increase in human-wildlife conflicts particularly with coyotes, raptors, waterfowl, bears, and mule deer. According to the Department, those positions were the single point of contact for the public about wildlife complaints, questions, concerns, and various community needs regarding human-wildlife conflicts. During the budget hearing, the Subcommittees inquired whether any federal funds were available to fund those activities. The agency testified that the federal government viewed human-wildlife conflicts as a community issue and not a conservation issue. Funding from DOW's traditional federal partners, such as the U.S. Fish and Wildlife Service, was not available to fund community activities. The agency believed the use of General Funds to fully fund those positions was appropriate because the urban wildlife program mitigated and prevented conflicts in Nevada's populous areas.

Accordingly, the benefits of the program were received by the state as a whole and were not limited to hunters and anglers. The intent of the recommendation was to fund a program with broad public benefit with General Funds to free up Sportsmen revenue for programs with narrower scopes.

Mr. Nichols asked whether the Committees wished to approve the Governor's recommendation to fully fund two existing conservation educator positions with General Funds resulting in additional General Fund appropriations of $77,514 in FY 2020 and $82,264 in FY 2021 with corresponding reductions in Sportsmen revenue.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR PARKS MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO FULLY FUND TWO EXISTING CONSERVATION EDUCATOR POSITIONS WITH GENERAL FUNDS RESULTING IN ADDITIONAL GENERAL FUND APPROPRIATIONS OF $77,514 IN FISCAL YEAR (FY) 2020 AND $82,264 IN FY 2021 WITH CORRESPONDING REDUCTIONS IN SPORTSMEN REVENUE AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> ASSEMBLYWOMAN SWANK SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)
>
> BUDGET CLOSED.

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Assemblywoman Titus said she supported the motion and appreciated that the Department of Wildlife recognized the need for the year-round services. Urban wildlife interactions occurred year-round and were not limited to solely occurring during nine months of the year.

INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - LAW ENFORCEMENT (101-4463)
BUDGET PAGE WILDLIFE-26

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4463 funded Law Enforcement. The Law Enforcement Division, Department of Wildlife, enforced wildlife and boating safety laws and served the sporting public while providing a public safety presence. There were no major closing issues. There were three other closing items in BA 4463 and all appeared reasonable.

Mr. Nichols asked whether the Committees wished to approve budget account 4463 as recommended by the Governor and requested authority to make technical adjustments as needed.
There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYMAN WHEELER MOVED THAT THE COMMITTEES APPROVE BUDGET ACCOUNT 4463 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> SENATOR PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)
>
> BUDGET CLOSED.

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INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - GAME MANAGEMENT (101-4464)
BUDGET PAGE WILDLIFE-31

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4464 funded the Game Management Division, Department of Wildlife, that was responsible for management, protection, research, and monitoring of wildlife classified as game mammals, upland and migratory game birds, and furbearing mammals. There were no major closing issues in BA 4464. There were four other closing items and all appeared reasonable. Other closing item 3 was the transfer of a biologist position to Operations, BA 4461, in decision unit Enhancement (E) 901 that was approved by the Committees.

Mr. Nichols asked whether the Committees wished to approve other closing items 1, 2, and 4 as recommended by the Governor and other closing item 3 consistent with the Committees' action on the companion decision unit in the Operations BA 4461. In addition, staff requested authority to make technical adjustments to the budget as needed.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYMAN WHEELER MOVED THAT THE COMMITTEES APPROVE OTHER CLOSING ITEMS 1, 2, AND 4 AS RECOMMENDED BY THE GOVERNOR AND OTHER CLOSING ITEM 3 CONSISTENT WITH THE COMMITTEES' ACTION ON THE COMPANION DECISION UNIT IN THE OPERATIONS BUDGET ACCOUNT 4461 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.
SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

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INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - FISHERIES MANAGEMENT (101-4465)
BUDGET PAGE WILDLIFE-37

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4465 funded the Fisheries Management Division, Department of Wildlife, that facilitated programs for fisheries throughout Nevada including programs that were designed to provide the state's angling public with recreational fishing opportunities and conserve and protect Nevada's native fish, amphibians, mollusks, and crustaceans. The Division also worked to prevent and control aquatic invasive species. There were no major closing issues in BA 4465. There were five other closing items and all appeared reasonable.

Mr. Nichols asked whether the Committees wished to approve budget account 4465 as recommended by the Governor and authorize the Fiscal Analysis Division staff to make technical adjustments as needed.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE BUDGET ACCOUNT 4465 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

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INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - DIVERSITY DIVISION (101-4466)
BUDGET PAGE WILDLIFE-43

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4466 funded the Diversity Division, Department of Wildlife, that was responsible for the management of raptors, shorebirds, waterbirds, songbirds, nongame mammals, reptiles, the Landowner Incentive Program, and the Department of Wildlife's (DOW) portion of the Lake Tahoe Environmental Improvement Program (EIP). There was one major closing issue that was a funding source change for the state match of a federal grant in decision unit Enhancement (E) 287. The Governor recommended funding the state's matching requirement for a federal Wildlife Restoration Diversity grant with State General Fund appropriations instead of Sportsmen revenue. The recommendation provided General Fund appropriations of $149,837 in each year of the 2019-2021 biennium with corresponding reductions in Sportsmen revenue. The federal Wildlife Restoration Diversity grant provided funding for the DOW's terrestrial restoration projects that required a 25 percent state match. Examples of activities undertaken through the grant included the installation of cameras to monitor owl nests at the Desert Research Institute; bat control efforts at Lawlor Events Center and the Stewart Indian School; and management of burrowing owls nesting in construction pipelines. The agency indicated those activities benefited the state as a whole, and because of the broad focus, the use of General Fund appropriations for the state's matching requirement was appropriate.

Mr. Nichols said the agency indicated the Diversity Division was responsible for the management of nongame species in the state. The agency noted those species accounted for approximately 92 percent of the wildlife that DOW was tasked to manage. The intent of the recommendation was to increase support for the management of species that were not directly supported with Sportsmen revenue because those duties benefited the citizens of the state as a whole. In addition, the agency indicated the recommendation, if approved, would free up Sportsmen revenue to meet matching requirements for other federal grants. The amount of the state match recommended in The Executive Budget for the federal grant was projected based on the amount of the Wildlife Restoration Diversity grant that expired on June 30, 2018; however, the DOW had since provided Fiscal staff with an updated Notice of Grant Award for the grant in fiscal year (FY) 2019. The state's matching requirement for FY 2019 was $167,022, an increase of $17,185 over the $149,837 recommended in

The Executive Budget for the state's annual matching requirement for each year of the 2019 2021 biennium.

Mr. Nichols said if the Committees wished to approve the recommendation, it might wish to consider the following options.

A. Approve the Governor's recommendation for General Fund appropriations of $149,837 in each year of the biennium to fund the state's matching requirement for the Wildlife Restoration Diversity grant based on the FY 2018 grant award amount, but fund the $17,185 additionally required in state match in FY 2020 and FY 2021 based on the FY 2019 grant award with Sportsmen revenue. That action would still result in annual savings of Sportsmen revenue of $132,652.

B. Approve General Fund appropriations of $167,022 in each year of the biennium for the state's matching requirement for the Wildlife Restoration Diversity grant based on the FY 2019 grant award amount with corresponding reductions to Sportsmen revenue. That action would increase recommended General Fund appropriations by $17,185 in each year of the biennium over the amounts in The Executive Budget.

Senator Goicoechea said at least 10 percent of the benefits in the program helped sportsmen programs.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR GOICOECHEA MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION FOR GENERAL FUND APPROPRIATIONS OF $149,837 IN EACH YEAR OF THE 2019-2021 BIENNIUM TO FUND THE STATE'S MATCHING REQUIREMENT FOR THE WILDLIFE RESTORATION DIVERSITY GRANT BASED ON THE FISCAL YEAR (FY) 2018 GRANT AWARD AMOUNT, BUT FUND THE $17,185 ADDITIONALLY REQUIRED IN STATE MATCH IN FY 2020 AND FY 2021 BASED UPON THE FY 2019 GRANT AWARD WITH SPORTSMEN REVENUE.
>
> ASSEMBLYWOMAN TITUS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Mr. Nichols said there were three other closing items and other closing items 1 and 2 appeared reasonable. Other closing item 3 was the transfer of three positions to the Operations BA 4461 in companion decision unit Enhancement (E) 902.

Mr. Nichols asked whether the Committees wished to approve other closing items 1 and 2 as recommended by the Governor and other closing item 3 consistent with the Committees' action on the companion decision unit in the Operations budget. In addition, staff requested authority to make technical adjustments to the budget as needed.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE OTHER CLOSING ITEMS 1 AND 2 AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 4466 AND OTHER CLOSING ITEM 3 CONSISTENT WITH THE COMMITTEES' ACTION ON THE COMPANION DECISION UNIT IN THE OPERATIONS BUDGET ACCOUNT 4461 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> SENATOR PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)
>
> BUDGET CLOSED.

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INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - HABITAT (101-4467)
BUDGET PAGE WILDLIFE-49

Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 4467 funded the Habitat Division, Department of Wildlife, that was responsible for reviewing, assessing, providing comments on all proposed land and water uses, and providing fish and wildlife data to all entities (private developers and local, state, and federal governments) for planning and decision-making purposes. The Division was also responsible for planning, operating, and maintaining state-owned or -leased lands in wildlife management areas (WMA). The one major closing issue was the request to fund the technical analysis costs associated with National Environmental Policy Act (NEPA) with State General Fund appropriations. The Governor recommended the use of General Fund appropriations to fund the Habitat Division's costs associated with conducting NEPA technical review analyses for federal, state, regional, and local partners, as well as nongovernmental organizations, private citizens, and landowners. Those costs were currently funded with Sportsmen revenue. The recommendation would add General Fund appropriations of $156,332 in each year of the 2019-2021 biennium with corresponding reductions in Sportsmen revenue.

The NEPA required review of any activity on federal land that involved construction of infrastructure for renewable or conventional energy production; electricity transmission; surface transportation, aviation, ports and waterways; water resource projects; broadband; pipelines; or manufacturing for potential environmental effect. Through NEPA and the Federal Land Policy and Management Act, federal agencies such as the Bureau of Land Management, the United States Forest Service, and the United States Fish and Wildlife Service consulted with DOW in the preparation of environmental impact statements as well as the development or revision of land-use plans. The agency's efforts provided a greater voice to local communities on biological implications and land use that would result in better protective measures for wildlife in the state.

Proposed projects were evaluated by DOW to determine any potential effect on Nevada's wildlife and habitats. The agency cited range improvements, power transmission, and mining-related and recreation projects as the main source of required reviews. The agency indicated that the number of projects received by DOW might vary significantly and was driven by changes in federal land management mandates and policy decisions that could change both the number of projects received as well as the timeframe in which a review could be conducted. Additionally, the number of projects reviewed by the agency was driven both by personnel capacity as well as the complexity of an individual project. The agency estimated its capacity for project review to be approximately 600 projects per year. The Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Public Safety, Natural Resources, and Transportation previously inquired whether other DOW budgets funded NEPA review costs and, if so, how those costs were funded. In response, the agency indicated the NEPA review program relied on data collected by the other DOW divisions. However, only the Operations budget that contained the agency's main geographic information systems unit included funding for NEPA activities that were fully supported by federal grant funding. The agency indicated that the Habitat Division funded all other costs associated with the technical review program.

Testimony provided by the agency during the budget hearing indicated NEPA technical reviews were not required by the federal government; however, they were recommended as an opportunity for the state wildlife agencies to have input regarding the effect of federal actions on state wildlife resources. Following the budget hearing, the agency indicated that many of the projects reviewed were large ventures, such as mines, solar fields, and fuel transportation projects that could potentially have long-term consequences to wildlife and habitats. The agency's participation in the technical review program afforded opportunities to avoid and offset those potential consequences. The Department indicated reviews were performed on behalf of the state as a whole, and it believed the use of General Fund appropriations to offset the costs of the Habitat Division's efforts was more appropriate than the use of Sportsmen revenue that was derived from various fees, fines, and assessments on hunters and fishermen.

Mr. Nichols asked whether the Committees wished to approve General Fund appropriations of $156,332 in each year of the 2019-2021 biennium to fund the Habitat Division's costs associated with the National Environmental Policy Act technical review program as recommended by the Governor.

Chair Carlton said she was uncertain about the matter, and the Committees should have a discussion about the appropriate funding.

Assemblyman Kramer thought that generally a fee was assessed for an environmental impact study for a solar field or a mine expansion. He asked how that fee was received.

Mr. Nichols responded that he was unaware of whether the state charged a fee for those activities, but he did not believe that occurred. He was uncertain whether the federal government charged developers or individuals proposing developments. He lacked specific information on that matter.

Assemblyman Kramer thought environmental impact studies were conducted for the public good to identify or prevent a long-range problem. The cost for the environmental impact studies should be included in the cost of the development project. The collection of a fee should offset a portion of the cost. He thought the fee should go to the General Fund to offset agency costs associated with NEPA.

Liz O'Brien, Deputy Director, Department of Wildlife, responded that neither the Department nor the federal government charged a fee for environmental impact studies.

Senator Brooks asked whether the agency would still participate in NEPA reviews of projects but find a different funding mechanism if the Legislature denied the recommendation for General Funds to pay for the Habitat Division's costs associated with the National Environmental Policy Act technical review program.

Mr. Nichols confirmed that the costs associated with the NEPA program were currently funded with Sportsmen revenue. That funding would remain in place if the Committees did not approve decision unit E-284. The costs would continue to be funded with Sportsmen revenue.

Senator Goicoechea asked for clarification. He understood that DOW did not impose a fee for any habitat or NEPA work, but the federal government charged fees. The federal agencies charged fees for any development project submitted. Huge fees were associated with solar or mine projects. He expressed concern about the fees. He appreciated that DOW participated in NEPA projects, although DOW was not required to participate. He was unsure how much of the cost should be paid with General Fund and how much should be paid with Sportsmen revenue, but the funding should be a combination of the two revenues. Some NEPA involvement was required for predominately wildlife or habitat matters. He thought there was a mix of both wildlife and public benefit in DOW's interactions with the NEPA plans. He thought a portion of the cost should be paid with General Funds even though DOW was not required to participate in NEPA programs because the state received a benefit.

Assemblywoman Swank said there had been interest on the part of the federal government to drill for oil in Nevada. Concerns existed about events occurring in the Ruby Mountains. She had concerns about not funding NEPA costs because she thought the state needed to find more ways to ensure its voice and opinions were considered in federal decisions. The state needed to be ready to continue to fight those fights that would occur.

Chair Carlton said the matter was not about the budget continuing but how the costs would be funded. She thought the Committees wanted to fund the costs with General Funds to be more directly involved in federal decisions, and the Committees favored having some General Fund in the funding mix. She understood the concerns and believed the Committees wanted to approve the Governor's recommendation.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE GENERAL FUND APPROPRIATIONS OF $156,332 IN EACH YEAR OF THE 2019-2021 BIENNIUM TO FUND THE HABITAT DIVISION'S COSTS ASSOCIATED WITH THE NATIONAL ENVIRONMENTAL POLICY ACT TECHNICAL REVIEW PROGRAM AS RECOMMENDED BY THE GOVERNOR.
>
> SENATOR GOICOECHEA SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Wheeler were not present for the vote.)

Mr. Nichols said there were five other closing items. Other closing items 1 through 4 appeared reasonable to staff. Other closing item 5 was the companion decision unit E-905 for the transfer of costs of a state lands agent from the Operations BA 4461 to the Habitat Division BA 4467.

Mr. Nichols asked whether the Committees wished to approve other closing items 1 through 4 as recommended by the Governor and other closing item 5 consistent with the Committees' action on the companion decision unit in the Operations BA 4461. In addition, staff requested authority to make technical adjustments to the budget as needed.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE OTHER CLOSING ITEMS 1 THROUGH 4 AS RECOMMENDED BY THE GOVERNOR AND OTHER CLOSING ITEM 5 CONSISTENT WITH THE COMMITTEES' ACTION ON THE COMPANION DECISION UNIT IN THE OPERATIONS BUDGET

ACCOUNT 4461 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

BUDGET CLOSED.

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Chair Carlton said the next item on the agenda was the budget closings for the Division of Health Care Financing and Policy, Department of Health and Human Services.

HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING & POLICY
HHS-HCF&P - HCF&P ADMINISTRATION (101-3158)
BUDGET PAGE DHHS-DHCFP-12

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 3158 funded the administration of the Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services, that provided quality healthcare services to low-income Nevadans through the Medicaid and Check Up programs in an efficient manner; promoted equal access to health care at an affordable cost; restrained the growth of health care costs; and maximized the receipt of federal revenue for the provision of healthcare programs. There were three major closing issues in BA 3158.

1. Staffing changes.
2. Application development.
3. Health information technology.

Major closing issue 1 related to staffing changes in decision units Maintenance (M) 205, Enhancement (E) 226, E-233, E-238, E-245, E-247, and E-490. The Governor recommended adding 16 new positions and associated operating costs, changing the funding source for one existing position, and eliminating three existing positions effective October 2020, funded with net additional revenues of $4 million ($2 million of General Fund appropriations) over the 2019-2021 biennium. The new positions were all recommended to start October 1, 2019.

The first group of staffing changes recommended by the Governor were program integrity positions in decision unit E-226. Nine new positions including five management analysts, three social service program specialists, and one health care coordinator-nurse and associated operating and contract costs were recommended to enhance program integrity efforts that were intended to combat fraud, waste, and abuse through provider reviews, data analysis, and the recoupment of improper payments. Decision unit E-226 was funded with $1.8 million ($912,784 of General Fund appropriations) over the 2019-2021 biennium. Within the Medicaid budget, the program integrity efforts carried out by the new positions were projected to generate $3.4 million ($1.2 million of General Fund appropriations) in total savings over the 2019-2021 biennium for a net savings effect of $1.6 million ($290,486 of General Fund appropriations).

On October 17, 2017, the Division of Internal Audits, Office of Finance, Office of the Governor, issued Audit Report 18-02 concerning fee-for-service behavioral health outpatient treatment services covered by Medicaid and Check Up. The report recommended that the agency hold providers accountable for program requirements for behavioral health services, perform reviews of provider files to verify behavioral health provider billings, increase training for Medicaid billing, and offer templates to assist providers in complying with program requirements. The nine new positions were intended to enhance efforts to address the audit findings and support a growing, backlogged workload related to program integrity.

Four of the nine new positions, including three management analysts and one health care coordinator-nurse were recommended to strengthen the Division's Las Vegas Surveillance and Utilization Review (SUR) unit. One management analyst would serve as the manager of the Las Vegas SUR unit, the remaining two management analysts and health care coordinator-nurse would identify improper payments through data analysis and provider review. Currently, the SUR unit consisted of 21 positions, including 7 positions in Las Vegas. The 4 new positions represented a 19 percent increase in staff for the SUR unit and a 57 percent increase in the Las Vegas SUR staff. The SUR unit was currently working on 20 projects resulting in 963 active cases. The additional SUR staff would facilitate addressing existing cases more quickly. The Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services previously questioned whether a backlog of SUR cases existed, and the agency indicated that 41 projects had been identified to discover improper billings, and a detailed review should be conducted on 8 provider types. The agency anticipated it could complete work on the 41 identified projects and review the 8 provider types within two years with the additional SUR staff.

Three new social services program specialist positions were recommended for the Provider Support unit to establish a Las Vegas unit. The positions would perform pre- and post-enrollment provider site visits statewide with a focus on Medicaid provider types that were deemed to be moderate to high risk. The positions would perform quality assurance activities to enhance the provider screening and enrollment process to ensure that providers were in compliance with requirements before enrollment. The positions would also work to resolve provider enrollment, termination, and suspension problems.

Two new management analyst positions were recommended for the Fiscal Services unit to process recoupments of improper payments identified by SUR staff. Currently, one management analyst and one accountant were responsible for recouping improper payments, and the agency indicated additional staff was necessary to recoup improper payments in a timely manner.

Ms. Crocket asked whether the Committees wished to approve nine new positions to enhance program integrity efforts including five management analysts, three social service program specialists, and one health care coordinator-nurse at a cost of $1.8 million over the 2019-2021 biennium.

Assemblywoman Titus said she supported the budget item. She saw additional staff as a benefit for the citizens of Nevada who needed health care but also for the state because there would be better review to ensure accurate billing and decreased waitlists. The providers would benefit because she had heard about the need for expanding providers and provider categories.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE NINE NEW POSITIONS TO ENHANCE PROGRAM INTEGRITY EFFORTS INCLUDING FIVE MANAGEMENT ANALYSTS, THREE SOCIAL SERVICE PROGRAM SPECIALISTS, AND ONE HEALTH CARE COORDINATOR-NURSE AT A COST OF $1.8 MILLION OVER THE 2019-2021 BIENNIUM.
>
> ASSEMBLYWOMAN TITUS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Frierson, and Hambrick were not present for the vote.)

Ms. Crocket said the next group of positions were for a Section 1115(a) of the Social Security Act Demonstration Waiver in decision unit E-238. The three new positions included two social services program specialists and one management analyst and associated operating, contract, and travel costs recommended to support the Division's efforts to continue and expand certified community behavioral health clinics (CCBHC) in the state, at a total cost of $1.5 million ($736,080 of General Fund appropriations) over the 2019-2021 biennium. The positions were related to decision unit E-238 in the Medicaid budget that contained the medical service costs and recommended $38.9 million over the biennium ($8 million of General Fund appropriations) over the 2019-2021 biennium to implement a Section 1115(a) Demonstration Waiver.

The social services program specialists, who would be located with the Policy Development and Program Management unit, would oversee the operation of the Demonstration Waiver through monitoring the operation of the CCBHCs, preparing federally required reports, analyzing CCBHC usage data, and performing program evaluation activities. The management analyst position, who would be located in the Rates Analysis and Development unit, would be responsible for supporting CCBHC reimbursement rates by compiling CCBHC data to develop and analyze reimbursement rates for CCBHCs, ensuring that CCBHCs were in compliance with performance measures, overseeing quality bonus payments to CCBHCs, and coordinating changes to the Medicaid State Plan associated with the waiver. Section 1115(a) Demonstration Waivers were subject to frequent federal reporting, monitoring, and evaluation that included an examination of the effects on Medicaid participants, service providers, and states, as well as effects on access, quality of care, and costs. The agency identified the number and type of positions based upon its previous experience with similar initiatives. Fiscal staff suggested technical adjustments to reduce contract costs by $335,760 over the 2019-2021 biennium based on updated information and to reduce in-state travel costs by $45,204 over the biennium based on the number of positions recommended in the decision unit. The technical adjustments reduced costs by a total of $380,964 ($190,482 of General Fund appropriations). The technical adjustments placed the contract costs in a Demonstration Waiver special use category for tracking and transparency and reduced the total cost of decision unit E-238 to $1.1 million ($545,598 of General Fund appropriations) over the 2019-2021 biennium.

Ms. Crocket asked whether the Committees wished to approve three new positions to support the Section 1115(a) Demonstration Waiver, contingent upon the approval of decision unit E-238 in the Medicaid budget, with the noted technical adjustments at a total cost of $1.1 million ($545,598 of General Fund appropriations) over the 2019-2021 biennium.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THREE NEW POSITIONS TO SUPPORT THE SECTION 1115(A) DEMONSTRATION WAIVER CONTINGENT UPON THE APPROVAL OF DECISION UNIT E-238 IN THE MEDICAID BUDGET ACCOUNT 3243 WITH THE NOTED TECHNICAL ADJUSTMENTS AT A TOTAL COST OF $1.1 MILLION ($545,598 OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM.
>
> ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Frierson, and Hambrick were not present for the vote.)

Ms. Crocket said the Governor recommended two new information technology (IT) positions in decision unit E-233. The two new positions included one IT professional and one IT technician recommended to enhance the Division's information security efforts funded with $395,128 ($197,564 of General Fund appropriations) over the 2019-2021 biennium. The IT professional position would serve as the agency's information security officer (ISO) and be responsible for designing and enacting the agency's information security plan. The information security duties were currently being performed on a part-time basis by an IT professional position assigned to application development. A 2017 third-party security risk assessment recommended a dedicated ISO position to provide for a separation of duties. Information security-related responsibilities had increased in recent years, and between 15 to 30 hours a week were spent on information security-related tasks that affected the IT professional position's work on application development activities. The IT technician would serve as a security access technician and be responsible for administering security access to the Division's information systems that contained personally identifiable and protected health information. Notably, the Division processed up to 75 background checks per week that were needed to allow the Division's outsourced Medicaid management information system vendor staff to access the system with existing staff processing requests on a part-time basis leading to delays and inefficiencies.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation for one IT professional to serve as a dedicated information security officer and one IT technician to serve as a security access coordinator at an additional cost of $395,128 ($197,564 of General Fund appropriations) over the 2019-2021 biennium.

There being no questions or comments, Chair Carlton called for a motion.

SENATOR DENIS MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION FOR ONE INFORMATION TECHNOLOGY (IT) PROFESSIONAL TO SERVE AS A DEDICATED INFORMATION SECURITY OFFICER AND ONE IT TECHNICIAN TO SERVE AS A SECURITY ACCESS COORDINATOR AT AN ADDITIONAL COST OF $395,128 ($197,564 OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

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

Ms. Crocket said the next position was to support the Katie Beckett caseload increase in decision unit Maintenance (M) 205. One health care coordinator position and associated operating costs was recommended for the Las Vegas district office to support a projected increase in the Katie Beckett caseload. The program allowed certain children who met an institutional level of care and would not normally qualify because of the parent's income or resources to receive Medicaid services in a home and community-based setting rather than in an institution, funded with $164,311 ($82,155 of General Fund appropriations) over the 2019-2021 biennium. The agency projected that the statewide Katie Beckett caseload would increase from the actual fiscal year (FY) 2018 caseload of 658 to 679 during the 2019-2021 biennium. Of the total Katie Beckett caseload, 69.3 percent was projected to be located in Las Vegas, or 460 cases in FY 2020 and 471 in FY 2021, consistent with actual caseload distribution in FY 2018. The agency indicated that the new position would provide for a projected staffing ratio of one staff per 66 open cases in FY 2020 and one staff per 67 cases in FY 2021, compared with the agency's stated target staffing ratio of one staff per 60 cases. In FY 2018, the actual staffing ratio was one staff per 75 cases. Testimony by the agency at the March 1, 2019, budget hearing indicated that when the staffing ratio exceeded the agency's targeted ratio, participants might experience delays in accessing services.

Ms. Crocket asked whether the Committees wished to approve one health care coordinator to support the Katie Beckett caseload in Las Vegas funded with $164,311 ($82,155 of General Fund appropriations) over the biennium as recommended by the Governor.
There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE ONE HEALTH CARE COORDINATOR TO SUPPORT THE KATIE BECKETT CASELOAD IN LAS VEGAS FUNDED WITH $164,311 ($82,155 OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM AS RECOMMENDED BY THE GOVERNOR.
>
> ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said the next position was a public information officer in decision unit E-245. The Governor recommended one new public information officer position and associated operating and travel costs including six annual trips to Las Vegas ($2,670 per year) to support the volume of information requests received by the Division and to effectively communicate the Division's policies to the public and the provider community at an additional cost of $162,275 ($81,137 of General Fund appropriations) over the-2019-2021 biennium. The position would be responsible for coordinating with the media and other outside entities and would respond to media inquiries; prepare communication materials such as new releases, newsletters, and presentations; and ensure that the Division's communications were accurate and consistent. Although the Division did not currently fully track information requests because multiple positions were involved, the agency previously noted that requests for information had increased from 23 in fiscal year (FY) 2011 to 110 in FY 2018. The Medicaid caseload had increased from a monthly average of 268,311 in FY 2011 to 651,594 in FY 2018, a 142.9 percent increase because of the Affordable Care Act Medicaid expansion as well as population growth in the state.

During the March 1, 2019, budget hearing, the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services requested further details on the position's duties and responsibilities. The duties of the position were anticipated to be as follows, according to the agency:

1. Respond to inquiries from the media and other entities (20 percent).
2. Establish and maintain working relationships with media (20 percent).
3. Coordinate interaction with the media and other entities (20 percent).
4. Write media releases, newsletters, brochures, and other presentations (20 percent).
5. Edit and proofread documents (10 percent).
6. Handle other duties as assigned (10 percent).

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation for a new public information officer (PIO) position, at an additional cost of $162,275 ($81,137 of General Fund appropriations) over the 2019-2021 biennium.

Chair Carlton said the Legislature had a policy on PIO positions during the 80th Session (2019), but she was inclined to approve an exemption in this case. Medicaid was a huge part of the budget, and there was much work to be done. When the Legislature asked for answers to questions, the agency responded. The Legislature needed to ensure that the right individuals were doing the right jobs. She would consider approving the Medicaid PIO position.

Assemblywoman Spiegel asked whether there had been a change in the source of the questions and whether more questions were generated from emails than letters because it was easier for individuals to communicate electronically.

Ms. Crocket responded that she was unaware of the different mix of where the questions were coming from or a percentage breakdown of where the requests originated.

Suzanne Bierman, J.D., M.P.H., Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, responded that she lacked a percentage breakdown but could work to obtain some data. In her experience so far, the agency received inquiries from the website, email, and a variety of media requests and other venues.

Assemblywoman Spiegel said the reason she asked that question was she believed that technology made it easier for individuals to make requests, and the public might be using newer technologies and reaching out more than in the past.

> ASSEMBLYWOMAN SPIEGEL MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION FOR A NEW PUBLIC INFORMATION OFFICER POSITION AT AN ADDITIONAL COST OF $162,275 ($81,137 OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said the next position was a housing coordinator position in decision unit E-247. The Governor recommended continuing one social services program specialist position who served as a housing coordinator during the 2017-2019 biennium. The position was eliminated from the base budget for the 2019-2021 biennium as directed by the money committees during the 79th Session (2017). During the 79th Session (2017), the Legislature approved one new social services program specialist to coordinate housing for individuals with a focus on transitioning individuals out of institutions and increasing the availability of community-based living options for the aged and persons with physical, developmental, or intellectual disabilities. The position was funded entirely with Money Follows the Person (MFP) grant funding. In recognition of the September 30, 2020, sunset of the MFP grant, the money committees directed the agency to eliminate the position from its base budget and to request the position through an enhancement if it wished to continue the position beyond the 2017-2019 biennium. The agency requested to continue the position funded with General Fund appropriations and federal Title XIX funding following the expiration of the federal grant beginning in October 2020. The position would be supported with federal Title XIX Medicaid funds ($34,053 in FY 2021) and General Fund appropriations ($34,053 in FY 2021) going forward. Considering the elimination of the three remaining MFP-funded positions in decision unit E-490, Fiscal staff previously asked the agency why the continuation of the position was recommended. The agency responded that the three positions recommended for elimination performed administrative and operational work directly related to the grant, while the housing coordinator provided services that would be beneficial to the entire Medicaid caseload.

Testimony by the agency at the March 1, 2019, budget hearing indicated that the position had successfully transitioned 31 individuals per year from institutions to community-based settings. Fiscal staff noted that transitioning individuals to community-based settings was likely to result in cost savings in the Medicaid budget because community-based services were generally less costly than services provided in an institution. The agency would prefer to continue those transition services even though the federal grant was expiring.

Ms. Crocket asked whether the Committees wished to approve continuing the housing coordinator position in the 2019-2021 biennium funded with Money Follows the Person grant funding totaling $109,427 through September 30, 2020, with Medicaid Title XIX funds of $34,053 and General Fund appropriations of $34,053 beginning October 1, 2020.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE CONTINUING THE HOUSING COORDINATOR POSITION IN THE 2019-2021 BIENNIUM FUNDED WITH MONEY FOLLOWS THE PERSON GRANT FUNDING TOTALING $109,427 THROUGH SEPTEMBER 30, 2020, WITH MEDICAID TITLE XIX FUNDS OF $34,053 AND GENERAL FUND APPROPRIATIONS OF $34,053 BEGINNING OCTOBER 1, 2020.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Ms. Crocket said the next staffing change was the elimination of grant-funded positions in decision unit E-490. Because the federal MFP grant would expire on September 30, 2020, the Governor recommended eliminating three filled positions including one social services program specialist, one management analyst, one administrative assistant, and associated operating costs effective October 1, 2020, with funding reductions of $196,696 in FY 2021. The positions were fully dedicated to MFP grant-related activities, including program management and federal reporting that would no longer be required following the sunset of the grant. Although the three positions were currently filled, the agency indicated it did not anticipate any layoffs to result from the elimination of the positions because the incumbents could transfer to other positions within the Department. Based on the expiration of the federal grant funds and information provided by the agency describing the duties of the positions, the recommendation to eliminate the grant-funded positions effective October 1, 2020, appeared reasonable to staff.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation to eliminate three grant-funded positions effective October 1, 2020, following the expiration of the Money Follows the Person grant.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE THREE GRANT-FUNDED POSITIONS EFFECTIVE OCTOBER 1, 2020, FOLLOWING THE EXPIRATION OF THE MONEY FOLLOWS THE PERSON GRANT.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Ms. Crocket said the next major closing item was the application development in decision unit E-236 to support two full-time contract application development staff to modernize a number of the agency's existing applications. The Governor recommended funding totaling $832,000 ($416,000 of General Fund appropriations) over the 2019-2021 biennium at an estimated cost of $100 per hour. The recommended funding would support the conversion of existing information systems from technologies that were difficult to support because of the skillsets of existing staff and vendors, including Java, into Microsoft technologies. Furthermore, the agency noted its existing information systems were outdated with initial development dating back to 2004, and a 2017 security risk assessment recommended updating certain systems to enhance information security. The conversion would involve developing custom solutions to replace several of the agency's existing information systems including:

1. Document management system.
2. Check Up premium invoicing and payment tracking system.
3. Medicaid management information system issue tracking.
4. Medicaid estate recovery case management.
5. Time-tracking system.

Testimony by the agency at the March 1, 2019, budget hearing indicated that the contractors would supplement state staff in converting the existing systems into systems that could be supported on an ongoing basis by existing state staff. Although the agency anticipated the system conversion would be completed in the upcoming biennium, work might extend into the 2021-2023 biennium if any delays were encountered. Following the conversion of the existing applications, the agency indicated it would be feasible to eliminate a portion of its existing software licensing that might result in cost savings in future biennia.

Ms. Crocket asked whether the Committees wished to approve funding totaling $832,000 over the 2019-2021 biennium to support contract IT staff to modernize existing applications.

Assemblywoman Titus said the two additional contract full-time-equivalent (FTE) positions would cost $832,000. The goal was to improve and modernize the current programs of the agencies. She wanted an update on the progress. The cost over the 2019-2021 biennium was expensive for two contract FTE positions. The Legislature should receive an update of the progress. Once the modernization was complete, those positions should be eliminated. If the modernization project was completed early, she asked whether any remaining funds would be reverted. She was curious because the project was expensive for two persons to complete the computer programming.

Ms. Crocket suggested that if the Committees wished for an update, it could consider issuing a letter of intent directing the agency to provide an annual report of the progress.

Assemblywoman Benitez-Thompson said a letter of intent sounded like a good idea. However, the Committees had been requesting a number of letters of intent, and the Interim Finance Committee (IFC) generally heard from Medicaid during every meeting and could request an update during the regular meetings.

Assemblywoman Titus agreed because she recognized that the Committees had requested many letters of intent. She thought the programming might be completed early, and some of the money could be reverted. She wanted to hold the contract staff accountable.

Chair Carlton said it was nice to hear positive thoughts this late in the 80th Session (2019) on information technology (IT) projects.

> ASSEMBLYWOMAN TITUS MOVED THAT THE COMMITTEES APPROVE FUNDING TOTALING $832,000 OVER THE 2019-2021 BIENNIUM TO SUPPORT CONTRACT INFORMATION TECHNOLOGY STAFF TO MODERNIZE EXISTING APPLICATIONS.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said health information technology was the third major closing issue and related to the base budget and Budget Amendment A193563158. The Executive Budget for the 2019-2021 biennium included seven state positions including one chief information technology (IT) manager, two management analysts, two economists, and two auditors at a cost of $1.4 million ($135,360 of General Fund appropriations), related to the Division's Health Information Technology (HIT) initiative that was initially approved by the Interim Finance Committee at its February 11, 2016, meeting. Additionally, the base budget included funds totaling $4.7 million (approximately $47,000 of General Fund appropriations) per year in the HIT category to support the initiative, including three contract staff, with the goal of developing meaningful use of health information to improve patient outcomes and reduce healthcare costs.

The HIT grant provided 90 percent federal funding for federally approved costs and required a 10 percent state share for health information technology-related activities through September 30, 2021. Typically, administrative costs in the budget were funded with 50 percent federal funding and 50 percent General Fund appropriations. Under current federal law, it appeared the state would likely be required to support HIT-related costs at the standard 50 percent matching rate after 2021.

Fiscal staff previously asked the agency for an update on its HIT efforts, and the agency provided a five-year HIT "roadmap" covering FY 2020 through FY 2024 that outlined a number of initiatives for the period, including:

1. A Nevada health data network to exchange health data including Medicaid participant health data across the Department.
2. A statewide master provider directory to manage provider information.
3. A number of health data-sharing initiatives.

The Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services questioned how the agency would support the required 10 percent match for HIT projects in the 2019-2021 biennium. Budget Amendment

A193563158, submitted by the Office of Finance, Office of the Governor, on April 15, 2019, recommended a new E-150 decision unit to fund HIT initiatives in a HIT special use category, funded with $1.3 million ($133,920 of General Fund appropriations) over the 2019-2021 biennium.

The E-150 decision unit in the budget amendment recommended the following changes:

1. Add $627,300 per year for contracted services associated with administering and managing the Nevada Medicaid electronic health record (EHR) provider incentive payment program that provided federally funded incentive payments for providers that applied meaningful uses of EHR. The base budget for the upcoming biennium contained $8.5 million in EHR provider incentive payments entirely supported with federal funds.

2. Add $667,000 in FY 2020 for contracted services to support ongoing efforts to connect state data sources with HealtHIE Nevada, a statewide community-based health information exchange (HIE) that allowed providers to share patient medical records quickly, securely, and accurately at the point of care.

3. Eliminate $291,200 per year associated with contract HIT IT project managers that the agency indicated were not necessary in the upcoming biennium.

Considering the scope of the HIT five-year roadmap and the recommendation to establish an Office of Health IT to monitor the status of HIT-funded projects in the 2019-2021 biennium, the Committees might wish to issue a letter of intent directing the agency to report annually on HIT projects including a description, total project cost, actual cost incurred, a summary of anticipated outcomes, and the funding source that provided the state match for each HIT project funded in the 2019-2021 biennium, along with similar information for projects planned for the upcoming year, updates on the five-year HIT roadmap, and potential establishment of an Office of Health IT.

Ms. Crocket asked whether the Committees wished to approve Budget Amendment A193563158 to fund health information technology (HIT) initiatives funded with $1.3 million ($133,920 of General Fund appropriations) over the 2019-2021 biennium, and if so, whether the Committees wished to issue a letter of intent directing the agency to report annually on those projects.

Chair Carlton said she had some questions on the three changes just mentioned. She wanted to ensure that she understood the problem because she heard some concerns from individuals. Change 1 would add $627,300 per year for contracted services associated with administering and managing the Nevada Medicaid EHR provider incentive payment program. Whenever she saw contracted services, she always had to ask because it was not a surprise to anyone how she felt about privatizing work. She understood that the cost of services was associated with administering and managing the new EHR system and the provider incentive payment program. She thought that the state would contract with a fiscal agent to manage those incentive payments.

Ms. Crocket responded that the agency needed to work with the provider community to help providers understand the benefits of the electronic health record system and facilitate the flow of federal funds to those providers enrolled in the EHR system.

Chair Carlton understood that the EHR system was entirely supported with federal funds, and no state funds were involved. Change 2 would add $667,000 in FY 2020 for contracted services to support ongoing efforts to connect state data sources with HealtHIE Nevada. She asked whether the change would result in privatization of the service.

Ms. Crocket replied that the HealthHIE was a private, nonprofit health information exchange and was not a state entity.

Chair Carlton thought a private outside vendor would contract through the HealthHIE to provide the services.

Ms. Crocket responded that the contract services vendor would develop interfaces to connect certain systems within the state to the HealthHIE system. As an example, the immunization registry was a system that would be able to connect to the EHR system.

Chair Carlton did not recall that specific discussion point during the Medicaid hearing. She wanted to ensure that the Committees did not allow a private contractor access to private medical information of the constituents. She had concerns about who would access the private health information and whether an outside company would manage the health information exchange.

Ms. Crocket confirmed that the contractor would be an outside entity.

Chair Carlton said she had heard that the contractor was from out-of-state. Ms. Crocket replied that she was unsure whether the contractor was located out-of-state.

Chair Carlton expressed concerns about that decision.

Assemblywoman Benitez-Thompson said Nevada should move in the direction of electronic health records. She referenced the world of mental health records and stated that 90 percent of those records were paper documents and many were handwritten. The state should move those health providers to electronic systems because the rest of the world was moving to electronic records. Unfortunately, the state agency still functioned using reams of white paper and handwritten notes that no one could ever follow up on or track. She understood Chair Carlton's comments and thought there might be a way to find a balance. The state was leaving a segment of health care behind, especially mental health by not moving to electronic records. She was uncertain whether the state agencies lacked the ability or the wherewithal in house to develop electronic health records systems. She worried that the privacy goals might set the state back in modernizing the electronic records.

Chair Carlton said Change 1 addressed a number of matters related to providers. She wanted to understand the specific need and asked the agency to come forward. She would hate to discover that the change privatized services and placed medical data in private hands. She wanted to ensure that the Committees had all the necessary information.

Sandie Ruybalid, Chief Information Technology Manager, Division of Health Care Financing and Policy, Department of Health and Human Services, responded that Change 1 related to the provider incentive payment program to incentivize providers to create electronic health records (EHR) software connections. The incentive payments were 100 percent federally funded, and the state agency merely passed through federal dollars. The contractor hosted the EHR system that offered the ability for the healthcare providers to provide their services to the correct percentage of Medicaid clients. The contract for EHR services would be funded with a 10 percent General Fund component. She would verify that percentage for clarity.

Ms. Ruybalid said Change 2 would add $667,000 in FY 2020 for contracted services to support ongoing efforts to connect state data sources with HealtHIE Nevada, a statewide community-based health information exchange (HIE) that allowed providers to share patient medical records quickly, securely, and accurately at the point of care. That change related to providers connected to EHRs to transmit information back and forth. The contractor was a private nonprofit entity who contracted with a vendor to host that system.

Chair Carlton said that was her concern and asked for more information. She had a level of discomfort with passing money through a private nonprofit entity. The funds went to a private vendor, and the state would have no authority or oversight. She was concerned about the state contracting that work out rather than creating a state health insurance exchange or contracting with a vendor inside the state rather than outside the state.

Ms. Ruybalid responded that, in the past, the state had a state-based HIE, but it was not successful and was not sustainable because of funding problems. The agency tried to perform the work in-house, but that route was not successful. The state now used a private nonprofit exchange that was required to adhere to all the security standards. The private entity was required to be certified by the state and renew the certification every three years. That entity was the only organization in Nevada that offered the service.

Chair Carlton asked about the outcome if the decision was not approved.

Ms. Ruybalid replied that the state would then lack the ability to accept and pass through the 90 percent federal funding for the electronic connections for providers.

Assemblywoman Titus said the budget item was critical. She understood and appreciated Chair Carlton's concerns for patient confidentiality. However, those entities were highly regulated and highly secure. She supported the budget and would support the recommendation.

Senator Kieckhefer said he supported the recommendation. The effort would incorporate a more robust HIE system that used the state systems as a part of it. The HealtHIE Nevada system was run by local individuals and was a statewide nonprofit entity. The funds would be used to contract for the technical expertise of transferring the programs onto the statewide HealtHIE Nevada system to create a more robust system that would benefit everyone in the state. He agreed that Nevada was far behind the times when it came to electronic health information exchanges. The decision would move the state in the right direction and was significant.

Senator Denis said the HealtHIE Nevada system was similar to other models that developed a centralized repository. He agreed that those entities were highly regulated because of the nature of the confidential data that was involved. He believed the state lacked the ability to develop the system unless it spent a considerable amount of money. He hated to see the state fall further behind when it came to electronic health records. Technology needed to be used to keep up in today's evolving world. He was not worried about the privacy of the data because of the many data protections that had been put in place over the last few years. The health records were very important and had to be protected. The recommended changes appeared reasonable to him, and he was comfortable with the changes.

Chair Carlton said it appeared that she was outnumbered on her concerns, and the Committees had made a record of the matters.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR DENIS MOVED THAT THE COMMITTEES APPROVE BUDGET AMENDMENT A193563158 TO FUND HEALTH INFORMATION TECHNOLOGY INITIATIVES FUNDED WITH $1.3 MILLION ($133,920 OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM AND ISSUE A LETTER OF INTENT DIRECTING THE AGENCY TO REPORT ANNUALLY ON THOSE PROJECTS.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Chair Carlton voted no. Assemblymen Frierson, Hambrick, and Senator Parks were not present for the vote.)

Ms. Crocket stated that there were ten other closing items. Other closing item 4 included Budget Amendment A193103158 that amended decision unit M-501 to correct the federal financial participation rate and to properly budget for projected contract costs associated with the ongoing implementation and operation of a federally mandated electronic visit verification (EVV) system for personal care services. The amendment, when compared to the decision unit recommended in The Executive Budget, reduced General Fund appropriations by $130,958 and increased federal funds by $444,173, bringing the total cost of the recommendation to $1 million ($225,702 of General Fund appropriations) over the 2019-2021 biennium. The recommendation, as adjusted by Budget Amendment A193103158, appeared reasonable. Other closing item 9 included Budget Amendment A193123158 submitted by the Office of Finance, Office of the Governor, on April 1, 2019, which recommended a new decision unit E-550 to support costs associated with the certification phase of the Medicaid Management Information System (MMIS) modernization project, at a total cost of $7.5 million ($752,131 of General Fund appropriations) over the 2019-2021 biennium. Other closing item 10 related to technical adjustments recommended by Fiscal staff in the new decision unit E-125 to support FY 2020 contract costs associated with developing waiver applications for certified community behavioral health clinics (CCBHCs) and specialized foster care at a total cost of $325,800 ($162,900 of General Fund appropriations) in FY 2020. The Interim Finance Committee approved FY 2019 contract costs at the January 30, 2019, and April 4, 2019, meetings for services related to developing waiver applications of CCBHCs and specialized foster care. The agency identified that funding would be required in FY 2020 to complete the application development process. The costs would be included in a Demonstration Waiver category for tracking and transparency purposes. The technical adjustments appeared reasonable.

Fiscal staff recommended approval of other closing items 1, 2, 3, 5, 6, 7, and 8 as recommended by the Governor, other closing item 4 as adjusted through Budget Amendment A193103158, Budget Amendment A193123158 in other closing item 9, and the technical adjustments noted in other closing item 10. Fiscal staff requested authority to make further technical adjustments to the budget as necessary.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE OTHER CLOSING ITEMS 1, 2, 3, 5, 6, 7, AND 8 AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEM 4 AS ADJUSTED THROUGH BUDGET AMENDMENT A193103158, BUDGET AMENDMENT A193123158 IN OTHER CLOSING ITEM 9, AND THE TECHNICAL ADJUSTMENTS NOTED IN OTHER CLOSING ITEM 10 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, Wheeler, and Senator Parks were not present for the vote.)

Chair Carlton said Senator Woodhouse had a proposal for the Committees.

Senator Woodhouse said her proposal went along with the earlier discussion about the public information officer position. The Division of Health Care Financing and Policy, Department of Health and Human Services, was large and addressed the needs of many of the constituents. She thought it was high time the Legislature assisted the agency with two additional positions to allow the Division to better address the need of its clients.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE ADDITIONAL SUPPORT FOR FISCAL SERVICES OF THE DIVISION OF HEALTH CARE FINANCING AND POLICY, DEPARTMENT OF HEALTH AND HUMAN SERVICES, IN BUDGET ACCOUNT 3158 BY ADDING AN UNCLASSIFIED DEPUTY ADMINISTRATOR POSITION AND A CLASSIFIED ADMINISTRATIVE SERVICES OFFICER 4 POSITION EFFECTIVE JULY 1, 2019, FUNDED WITH $638,169 OF WHICH $319,085 WOULD BE GENERAL FUND APPROPRIATIONS OVER THE 2019-2021 BIENNIUM.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Wheeler were not present for the vote.)

BUDGET CLOSED.

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HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING & POLICY
HHS-HCF&P - INCREASED QUALITY OF NURSING CARE (101-3160)
BUDGET PAGE DHHS-DHCFP-28

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 3160 funded the increased quality of nursing care budget created by the Legislature through the enactment of Assembly Bill (A.B.) 395 of the 72nd Session (2003). There were no major issues for the budget. The Executive Budget continued the financing methodology for the nursing facility provider tax program approved by the Legislature during the 79th Session (2017).

Ms. Crocket asked whether the Committees wished to approve budget account 3160 as recommended by the Governor with authority for Fiscal staff to make technical adjustments as necessary.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE BUDGET ACCOUNT 3160 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, Wheeler, and Senator Denis were not present for the vote.)

BUDGET CLOSED.

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HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING & POLICY
HHS-HCF&P - INTERGOVERNMENTAL TRANSFER PROGRAM (101-3157)
BUDGET PAGE DHHS-DHCFP-9

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 3157 funded the Intergovernmental Transfer Program (IGT) budget that collected funds from other governmental entities to provide the state share of certain Medicaid expenditures, thereby reducing the need for General Fund appropriations. Funds collected in the IGT budget were transferred to Nevada Medicaid, BA 3243, Check Up, BA 3178, and Administration, BA 3158, to provide the state share of supplemental payment programs and related administrative costs. Intergovernmental transfer payments that were in excess of the required state match were used to offset General Fund appropriations for other Medicaid expenditures and that was referred to as the state net benefit. There were two major closing issues, Clark County voluntary contribution and Indigent Accident Fund Supplemental Payment Program.

The Clark County voluntary contribution related to decision unit Enhancement (E) 277. The Governor recommended reducing the Clark County voluntary contribution in support of the supplemental payments received by nonstate governmentally owned or operated hospitals for the Public Hospital Upper Payment Limit (UPL) program and the Graduate Medical Education (GME) program that would result in a reduction of IGT revenue and transfers to the Medicaid budget of $31.1 million over the 2019-2021 biennium. The decrease in IGT revenue transferred to the Medicaid BA 3243 required a corresponding increase in General Fund appropriations of $31.1 million in the Medicaid budget.

Fiscal staff noted the calculation of decision unit E277 in The Executive Budget was not accurate. After updating the calculation methodology and accounting for May 2019 caseload updates and changes in the Federal Medical Assistance Percentage (FMAP) rate, the reduction in IGT revenues would total $13.3 million over the 2019-2021 biennium with the corresponding increase in General Fund appropriations in the Medicaid BA 3243. When compared to the Governor's recommended budget, the revised decision unit represented a $17.8 million reduction in General Funds in the Medicaid budget.

Ms. Crocket said that participation in the Public Hospital UPL programs and the GME supplemental payment program was voluntary. The Clark County Commission approved an interlocal agreement that set the voluntary contribution rate as a percentage of the total supplemental payments received by the University Medical Center (UMC) for those programs. The voluntary contribution rate was 60 percent for the 2011-2013 biennium, which decreased to 50 percent in the 2013-2015 biennium and to 47.5 percent in the 2015-2017 biennium.

The interlocal agreement for FY 2019, FY 2020, and FY 2021 that was approved by the State Board of Examiners on March 12, 2019, included voluntary contributions equal to the state share of supplemental payments plus 12.5 percent that equated to 47.4 percent in FY 2019, 48.3 percent in FY 2020, and 48.8 percent in FY 2021, based on projected FMAP rates. In addition, the interlocal agreement specified that Clark County would receive 87.5 percent of the Federal Medical Assistance Percentage (FMAP) reclaiming funds that were federal funds available as a result of a recalculated funding split for prior year supplemental payments based on the FMAP rate applicable to those populations benefitting from prior year supplemental payments.

Including the recommendation to decrease the Clark County voluntary contribution rate, IGT revenues projected from Clark County in support of voluntary supplemental payment programs including the Public Hospital UPL, GME, Practitioner UPL, and enhanced Managed Care Organization (MCO) payment programs totaled $112.3 million over the 2019-2021 biennium. Of the $112.3 million in Clark County IGT revenue, $84 million provided the required state match for the supplemental and enhanced payment programs over the 2019-2021 biennium.

Contributions in excess of the required state match were considered voluntary. Voluntary contributions were transferred to the Medicaid and Check Up budgets to offset General Fund appropriations for medical service expenditures and were referred to as the state net benefit. The Executive Budget included a state net benefit totaling $28.2 million over the 2019-2021 biennium generated from Clark County's voluntary contributions in excess of the required state match for the Public Hospital UPL, GME, Practitioner UPL, and enhanced MCO payment programs. Clark County benefited by receiving $269.1 million in supplemental payments for entities in Clark County, including UMC, over the 2019-2021 biennium that was $156.8 million more than Clark County's IGT contribution, representing a net benefit to Clark County.

Ms. Crocket asked whether the Committees wished to approve reduced Clark County voluntary contribution revenues and corresponding transfers to the Medicaid budget totaling $13.3 million over the 2019-2021 biennium, inclusive of technical adjustments, to modify the calculation of the revenue decrease.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE REDUCED CLARK COUNTY VOLUNTARY CONTRIBUTION REVENUES AND CORRESPONDING TRANSFERS TO THE MEDICAID BUDGET ACCOUNT 3243 TOTALING $13.3 MILLION OVER THE 2019-2021 BIENNIUM, INCLUSIVE OF TECHNICAL ADJUSTMENTS, TO MODIFY THE CALCULATION OF THE REVENUE DECREASE.
>
> ASSEMBLYWOMAN TITUS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Wheeler were not present for the vote.)

Ms. Crocket said the next major closing issue was the Indigent Accident Fund (IAF) Upper Payment Limit (UPL) program: The Executive Budget recommended continuing the IAF UPL program in the 2019-2021 biennium with the state share of supplemental payments funded through property tax levies and unmet free care obligations collected from hospitals pursuant to *Nevada Revised Statutes* (NRS) 436B.340 transferred from the Indigent Hospital Care budget account (BA) 3244. The IAF UPL program was originally authorized by the Legislature during the 77th Session (2013) to make supplemental payments to qualifying public and privately owned acute care hospitals for inpatient services to preserve access to inpatient hospital services for needy individuals. Participating hospitals were projected to receive supplemental payments totaling $110.4 million in FY 2020 and $115.8 million in FY 2021, after considering May 2019 updated caseload projections and a projected decrease in the FMAP rate in FY 2021, and those represented increases from FY 2018 supplemental payments of $96.4 million.

Ms. Crocket said federal regulations allowed supplemental payment programs to make payments to hospitals up to the amount Medicare would have paid for the same services provided to fee-for-service recipients known as the UPL. Public hospitals were eligible to receive supplemental payments under both the Public Hospital UPL program and the IAF UPL program, and as a result, Public Hospital UPL supplemental payments to hospitals decreased when IAF UPL supplemental payments increased. The effect of enacting the IAF UPL program and the increasing supplemental payments to public hospitals resulted in a decrease in state net benefit available to offset General Fund appropriations in the Medicaid budget.

Funds transferred from the Indigent Hospital Care budget in support of the IAF UPL program were governed by NRS 428.206 that stipulated that money so transferred had to not be used to supplant other available funding. During the 2017-2019 biennium, the Division began collecting a state net benefit for the IAF UPL program in the amount of $578,091 per year. However, Fiscal staff noted that NRS 428.206 did not allow for a state net benefit because that would supplant General Funds in the Medicaid budget. Assembly Bill 494 would amend NRS 428.206 to allow for a state net benefit for the program, and the base budget for the upcoming biennium included a state net benefit of $578,091 per year. The agency indicated it planned to evaluate the effect of IAF UPL supplemental payments on the state net benefit generated by other programs and equated the IAF UPL state net benefit amount with the IAF UPL-related reduction in state net benefit projected for other programs. That amount would be calculated annually and adjusted by the agency to account for the decrease in the other programs.

Ms. Crocket asked whether the Committees wished to approve a state net benefit for the Indigent Accident Fund Supplemental Payment Program and corresponding transfers to the Medicaid budget to offset General Fund appropriations totaling $1.2 million over the 2019-2021 biennium contingent upon the passage and approval of Assembly Bill 494 or other enabling legislation.

There being no questions or comments, Chair Carlton called for a motion.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE A STATE NET BENEFIT FOR THE INDIGENT ACCIDENT FUND SUPPLEMENTAL PAYMENT PROGRAM AND CORRESPONDING TRANSFERS TO THE MEDICAID BUDGET ACCOUNT 3243 TO OFFSET GENERAL FUND APPROPRIATIONS TOTALING $1.2 MILLION OVER THE 2019-2021 BIENNIUM, CONTINGENT UPON PASSAGE AND APPROVAL OF ASSEMBLY BILL 494 OR OTHER ENABLING LEGISLATION.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

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

Ms. Crocket said there were nine other closing items, and technical adjustments had been completed to reflect updated caseload projections and changes in the FMAP rates, and those were reflected throughout the other closing items. Fiscal staff recommended the other closing items be closed as recommended by the Governor and updated for revised May 2019 caseload projections and a decreased FMAP rate with the technical adjustments and requested authority to make other technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND UPDATED FOR REVISED MAY 2019 CASELOAD PROJECTIONS AND A DECREASED FEDERAL MEDICAL ASSISTANCE PERCENTAGE RATE WITH THE TECHNICAL ADJUSTMENTS MADE BY THE FISCAL STAFF AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING & POLICY
HHS-HCF&P - NEVADA MEDICAID, TITLE XIX (101-3243)
BUDGET PAGE DHHS-DHCFP-33

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 3243 funded the Nevada Medicaid program. There were seven major closing issues. The first major closing issue related to the Federal Medical Assistance Percentage (FMAP) rates. The federal government paid states for a specified percentage of Medicaid and Nevada Check Up program expenditures known as the FMAP rates. With limited exceptions, the FMAP rate used to determine the funding split of program expenditures was based on the eligibility group of the participants. The standard FMAP rate for each state was determined annually based on the per capita income of the state relative to the per capita income of other states with a floor of 50 percent. The remaining portion of program expenditures had to be provided by some other funding source such as General Fund appropriations or transfers from local governments.

The Federal Funds Information for States (FFIS) provided final and estimated FMAP rates for each federal fiscal year. The FFIS released the final federal fiscal year 2020 FMAP rates in September 2018 that were included in The Executive Budget. Based on information included in a March 27, 2019, issue brief, the fiscal year (FY) 2021 blended standard and Check Up FMAP rates were projected to be lower than the FMAP rates included in The Executive Budget, which meant the state had to provide additional nonfederal matching funds.

The newly eligible FMAP rate that did not vary based upon changes in per capita income and would remain at 90 percent in FY 2021. According to the FFIS, Nevada was projected to experience the largest standard FMAP decrease in federal fiscal year 2021 in the nation. The following table displayed the FY 2021 blended FMAP rates recommended by the Governor compared to the updated FFIS projection. A blended rate was calculated using the federal fiscal year FMAP rates to align with state fiscal year budget periods.

Blended FMAP Rates, FY 2018 - FY 2021							
FMAP Type	Related Eligibility Groups	FY 2018	FY 2019	FY 2020	FY 2021 Gov Rec	FY 2021 Revised	FY 2021 Variance
Standard FMAP	Parents and Children (formerly Temporary Assistance for Needy Families/Children's Health Assurance Program [TANF/CHAP]); Medical Assistance to the Aged, Blind, and Disabled (MAABD); Waiver; County Indigent; Child Welfare	65.48%	65.09%	64.17%	64.63%	63.74%	-0.89%
Newly Eligible FMAP	Newly Eligible Medicaid	94.50%	93.50%	91.50%	90.00%	90.00%	None
Check Up Enhanced FMAP	Check Up; Check Up to Medicaid	98.84%	98.57%	89.29%	78.11%	77.49%	-0.62%

Fiscal staff calculated that the projected decreases in the FY 2021 FMAP rates, when compared to the rates included in the Governor's recommended budget, required additional General Fund appropriations of $19 million across all decision units in the Medicaid budget in FY 2021 based on May 2019 caseload projections. The preponderance of the decrease related to the decline in the standard FMAP rate with $156,319 of the decrease resulting from the decline in the Check Up enhanced FMAP rate. The General Fund savings generated by projected decreases in caseload offset the additional General Fund required by the FY 2021 FMAP rate decreases. The decrease in the blended FMAP rates for FY 2021 was a projection. The official FY 2021 FMAP rates would be released by the federal Department of Health and Human Services in the fall of 2019. Historically, the Governor and the Legislature had used FMAP rate projections prepared by FFIS in developing and modifying the Division's budgets because FFIS was widely recognized for accuracy and reliability of the information and data it published.

Ms. Crocket asked whether the Committees wished to approve the FY 2020 FMAP rates recommended by the Governor and the revised FMAP rates for FY 2021 that required increased General Fund appropriations of $19 million across all decision units in the budget.

Chair Carlton said it was important to repeat something that was in the document provided. According to FFIS, Nevada was projected to experience the largest standard FMAP decrease in federal fiscal year 2021. Nevada would be facing potential problems in FY 2021. There had been discussions about increasing certain portions of the Medicaid budget, but the Legislature should remain cautious because of the FMAP decrease.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR KIECKHEFER MOVED THAT THE COMMITTEES APPROVE THE FISCAL YEAR (FY) 2020 FEDERAL MEDICAL ASSISTANCE PROGRAM (FMAP) RATES RECOMMENDED BY THE GOVERNOR AND THE REVISED FMAP RATES FOR FY 2021 THAT REQUIRED INCREASED GENERAL FUND APPROPRIATIONS OF $19 MILLION ACROSS ALL DECISION UNITS IN BUDGET ACCOUNT 3243.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said the next major closing issue was Medicaid caseload in decision unit Maintenance (M) 200. The Governor recommended additional funding of $35.3 million ($17.7 million of General Fund appropriations) in FY 2020 and $101.8 million ($33.6 million of General Fund appropriations) in FY 2021 to support increased medical service costs associated with projected Medicaid caseload growth over the 2019-2021 biennium. As in past legislative sessions, the agency had reprojected Medicaid caseload and the cost per eligible (CPE) using the most recent actual caseload and cost data. Those revised caseload and CPE projections were typically used as a guide to make adjustments to the Medicaid budget as recommended by the Governor. After the April 25, 2019, work session, Fiscal staff requested the agency provide updated caseload and CPE projections prepared in May 2019 based on March actual caseload and April actual costs. When compared to the projected Medicaid caseloads recommended in The Executive Budget for the 2019-2021 biennium, the revised caseload projections were 3.8 percent and 5.5 percent lower in FY 2020 and FY 2021, respectively.

According to the Department, the decline in projected caseload for the 2019-2021 biennium, when compared to the projections used in the Governor’s recommended budget, were primarily because of stronger employment projections prepared by the Office of Finance, Office of the Governor, and a downward trend in caseload experienced between September 2018, when actual caseload was 656,667, and February 2019, when actual caseload was 643,992, a decrease of 12,675 or 1.9 percent. In April 2019, caseload increased slightly to 644,949, an increase of 957 or 0.1 percent. The following table displayed the average monthly caseloads included in The Executive Budget and the revised May 2019 projections by population group.

Revised Projected Medicaid Average Monthly Caseload						
	FY 2020			FY 2021		
Population	**Gov. Rec.**	**Revised**	**% Variance**	**Gov. Rec.**	**Revised**	**% Variance**
Check Up to Medicaid	13,086	14,019	7.1%	13,447	14,210	5.7%
Parents and Children	330,399	311,579	-5.7%	335,664	309,542	-7.8%
Newly Eligible	220,408	213,137	-3.3%	223,156	210,910	-5.5%
Medical Assistance to Aged, Blind, and Disabled (MAABD)	83,873	83,655	-0.3%	85,285	85,696	0.5%
Waivers & County Indigent	6,794	7,016	3.3%	6,795	7,020	3.3%
Child Welfare	12,245	12,370	1.0%	12,680	12,705	0.2%
Total Caseload *	**666,805**	**641,776**	**-3.8%**	**677,027**	**640,083**	**-5.5%**

*Caseload includes retroactive eligibility and does not include Special Low-Income Medicare Beneficiaries (SLMB, Medicare recipients with incomes between 100% and 120% of the federal poverty level. Medicaid pays Medicare Part B insurance)

When compared to the FY 2019 projected monthly average caseload of 649,093, caseloads for the upcoming biennium were projected to decline by 1.1 percent in FY 2020, to 641,776, and an additional 0.3 percent in FY 2021, to 640,083. Decreases were projected for the parents and children and newly eligible populations, while caseloads for the remaining populations were projected to increase, as shown in the following table.

Revised Projected Medicaid Average Monthly Caseload, Comparision to FY 2019 Projected Caseload					
	FY 2019	FY 2020		FY 2021	
Population	**Projected**	**Revised**	**% Variance**	**Revised**	**% Variance**
Check Up to Medicaid	13,467	14,019	4.1%	14,210	1.4%
Parents and Children	318,337	311,579	-2.1%	309,542	-0.7%
Newly Eligible	216,910	213,137	-1.7%	210,910	-1.0%
Medical Assistance to Aged, Blind, and Disabled (MAABD)	81,635	83,655	2.5%	85,696	2.4%
Waivers & County Indigent	6,929	7,016	1.3%	7,020	0.1%
Child Welfare	11,815	12,370	4.7%	12,705	2.7%
Total Caseload	**649,093**	**641,776**	**-1.1%**	**640,083**	**-0.3%**

*Caseload includes retroactive eligibility and does not include Special Low-Income Medicare Beneficiaries (SLMB, Medicare recipients with incomes between 100% and 120% of the federal poverty level. Medicaid pays Medicare Part B insurance premiums for these recipients).

In addition to updated caseload projections and the previously noted FMAP rate decreases, the reprojected budget included various other changes that affected the cost per eligible as well as other technical adjustments completed by staff. Changes that affected the cost per eligible that were reflected in the base budget and the M-200 decision unit included, but were not limited to, the following:

1. Adjustment for Extended Hospital Services. The Division of Health Care Financing and Policy (DHCFP) included an adjustment to increase the base budget by $25.8 million to account for extended hospital stays in its budget reprojection. According to the agency, the adjustment would provide funding for extended hospital stay services that were not included in the base budget as a result of denied provider claims that would be paid in FY 2019 following successful provider appeals. Because the claims were a legitimate program cost, the adjustment to reflect the claims cost in the base budget was reasonable. Fiscal staff estimated the adjustment required additional General Fund appropriations of $18 million over the upcoming biennium.

2. Adjustment for State Net Benefit. To account for reduced supplemental payments because of the projected decrease in Medicaid caseload, to make other adjustments to calculations, and to align transfers between the Medicaid budget and the Intergovernmental Transfer Account, the state net benefit transferred from the Intergovernmental Transfer Account to provide an offset to General Fund appropriations had been reduced from $129.1 million to $119.3 million over the 2019-2021 biennium in the base budget, requiring an increase in General Fund appropriations totaling $9.8 million over the biennium.

Fiscal staff noted that The Executive Budget for the 2019-2021 biennium included a new calculation methodology for the base budget. Previously, the base budget was constructed to reflect legislatively approved caseloads and costs in the second year of the preceding biennium with additional caseload and cost changes included in the M-200 decision unit. For the 2019-2021 biennium, the base budget was constructed to reflect costs associated with the agency's updated FY 2019 caseload and cost projections that exceeded the legislatively approved amount for FY 2019. Fiscal staff estimated the methodology change resulted in costs amounting to $192.7 million in FY 2020 and $242.6 million in FY 2021 reflected in the base budget that would have previously been included in the M-200 decision unit in The Executive Budget. The methodology change resulted in a redistribution of costs between the base budget and the M-200 decision unit, but there was no overall change to the amount budgeted. As a result of the methodology change, a base budget adjustment at closing was required to account for updated FY 2019 caseload and cost-per-eligible projections.

Combined, the caseload, cost-per-eligible, and FY 2021 FMAP rate adjustments resulted in decreased General Fund appropriations in the Medicaid budget of 1 percent ($7.9 million decrease) in FY 2020 and increased General Fund appropriations of 0.7 percent ($6.2 million increase) in FY 2021, a total decrease of $1.7 million, or 0.1 percent, over the 2019-2021 biennium, when compared to the General Fund appropriations recommended in The Executive Budget for the base budget and the M-200 decision units as shown in the following table:

General Fund Appropriations, Medicaid Budget Governor Recommends and April 2019 Reprojection				
	FY 2020			
	Gov. Rec	Revised	Decrease ($)	Decrease (%)
Base Budget	$ 773,724,793	$ 768,160,506	$ (5,564,287)	-0.7%
Caseload M-200	$ 17,673,787	$ 15,358,324	$ (2,315,463)	-13.1%
Totals	**$ 791,398,580**	**$ 783,518,830**	**$ (7,879,750)**	**-1.0%**
	FY 2021			
	Gov. Rec	Revised	Decrease ($)	Decrease (%)
Base Budget	$ 799,426,907	$ 815,324,356	$ 15,897,449	2.0%
Caseload M-200	$ 33,608,113	$ 23,867,306	$ (9,740,807)	-29.0%
Totals	**$ 833,035,020**	**$ 839,191,662**	**$ 6,156,642**	**0.7%**
Total, 2019-2021 Biennium	**$ 1,624,433,600**	**$ 1,622,710,492**	**$ (1,723,108)**	**-0.1%**

After considering the previously discussed changes, the base budget would increase from $8.01 billion ($1.573 billion General Fund appropriation) to $8.162 billion ($1.583 billion of General Fund appropriations) over the 2019-2021 biennium, and the revised M-200 decision unit would decrease from $137.1 million ($51.3 million of General Fund appropriations) recommended in The Executive Budget to $57.5 million ($39.2 million of General Fund appropriations) over the 2019-2021 biennium.

Ms. Crocket asked whether the Committees wished to approve the revised Medicaid caseload and cost-per-eligible projections for the 2019-2021 biennium in decision unit M-200, requiring total funding of $57.5 million ($39.2 million of General Fund appropriations) over the 2019-2021 biennium, and a base budget adjustment requiring additional funding totaling $151.1 million ($10.3 million of General Fund appropriations) over the biennium.

Senator Kieckhefer said the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services talked a lot about the methodology change of adjusting the base budget to more accurately reflect existing caseloads. He asked whether that was Ms. Crocket's understanding that it would be the ongoing structure for future biennium budget preparation.

Ms. Crocket responded that the Fiscal Analysis Division staff was currently in discussions with the Office of Finance, Office of the Governor, to evaluate the effectiveness of the methodology, and that might be changed for the next session, and it was still under evaluation.

Senator Kieckhefer said that was an interesting shift. Over $400 million would have been a maintenance unit but was now in the base budget. He asked whether it was more accurate to reflect base costs for caseload in the base budget. He said it would be helpful to stay apprised of how the agency would change the methodology for future biennia.

There being no further questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE THE REVISED MEDICAID CASELOAD AND COST-PER-ELIGIBLE PROJECTIONS FOR THE 2019-2021 BIENNIUM IN DECISION UNIT MAINTENANCE 200 REQUIRING TOTAL FUNDING OF $57.5 MILLION ($39.2 MILLION OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM AND A BASE BUDGET ADJUSTMENT REQUIRING ADDITIONAL FUNDING TOTALING $151.1 MILLION ($10.3 MILLION OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Ms. Crocket said the next major closing issue related to the provider reimbursement rate increases in decision units Maintenance (M) 101, Enhancement (E) 230, E-234, E-242, E-249, and E-250, to support increased costs associated with mandatory and discretionary rate increases. The Executive Budget recommended $137.6 million ($30.1 million of General Fund appropriations) in FY 2020 and $249 million ($57.9 million of General Fund appropriations) in FY 2021. The mandatory reimbursement rate increases in M-101 supported federally mandated rate increases, and the Governor recommended $120.5 million ($26.2 million of General Fund appropriations) in FY 2020 and $217.2 million ($50 million General Fund appropriation) in FY 2021. Mandated rate increases included managed care capitation rates, dental capitation rates, prescription drugs, rural health and federally qualified health centers, Indian health services, and hospice services. Mandatory rate increases also included increases to the Medicare Part A and Part B premium rates and Medicare Part D prescription drug coverage clawback payments for individuals who were eligible for both Medicare and Medicaid (known as dual eligibles) as determined by the federal Centers for Medicare and Medicaid Services (CMS). The Medicare Part D clawback payment was a monthly payment made by each state to partially finance the Medicare drug benefit program and reflected the expenditures the state would have made if it paid for prescription drugs on behalf of individuals who were dually eligible.

All provider rates for those increases were required under federal law and were recommended to increase by 3.73 percent in FY 2020 and 3.85 percent in FY 2021 based on projected inflation for medical care that the agency obtained from Moody's Analytics in November 2018. Based on updated information and an analysis of actual costs, Fiscal staff recommended the following technical adjustments in the M-101 decision unit.

Included under the mandatory rate increases, The Executive Budget recommended the following prescription drug inflation percentages for fee-for-service participants: 1.84 percent for FY 2019, 3.73 percent for FY 2020, and 3.85 percent for FY 2021 based on medical care inflation projections the agency obtained from Moody's Analytics in

November 2018. Fiscal staff previously asked the agency to calculate the actual percentage increase in pharmaceutical costs. The agency reported actual increases of 32.1 percent in FY 2015, 11.7 percent in FY 2016, 5.9 percent in FY 2017, and 4.8 percent in FY 2018. Based on average annual cost increases experienced by the Division in FY 2017 and FY 2018, the DHCFP's budget reprojection included prescription drug inflation of 5.5 percent for FY 2019 through FY 2021. Fiscal staff calculated that the increased inflation for prescription drugs required additional General Fund appropriations of $11.9 million over the 2019-2021 biennium.

Ms. Crocket noted clawback payments were also included under mandatory rate increases. The Medicare Modernization Act (MMA) of 2003 enacted prescription drug coverage for Medicare recipients, known as Medicare Part D. The MMA required states to reimburse Medicare for the costs of providing prescription drug coverage to individuals who were eligible for both Medicare and Medicaid (known as dual eligibles). The reimbursement was referred to as the clawback. Considering the FFIS issue brief, Fiscal staff asked the agency to include the increased clawback payments in its budget reprojection. Fiscal staff calculated an additional $1.4 million in General Fund appropriations would be needed to support the fiscal effect of the increased clawback.

Based on updated May 2019 caseload projections and the FY 2021 FMAP decrease, the total cost of decision unit M-101 was $30.9 million ($14.3 million of General Fund appropriations) in FY 2020 and $130.5 million ($39.4 million of General Fund appropriations) in FY 2021, representing a decrease in General Fund appropriations of $22.4 million over the biennium when compared to the amount recommended in The Executive Budget.

Fiscal staff noted that the decreased cost of decision unit M-101, when compared to the amount recommended by the Governor, was affected by lower managed care capitation rates in FY 2019 than were originally projected in The Executive Budget.

Ms. Crocket asked whether the Committees wished to approve mandatory reimbursement rate increases of $30.9 million ($14.3 million of General Fund appropriations) in FY 2020 and $130.5 million ($39.4 million of General Fund appropriations) in FY 2021 as recommended by the Governor with the noted technical adjustments to reflect updated caseload and cost information.

Assemblywoman Neal asked about the 3.73 percent increase in the dental rate and the dollar cost of that increase.

Ms. Crocket responded that she did not have the actual dollar increase in front of her related to the specific dental increase but would pull that up in her spreadsheets and email the response to Assemblywoman Neal.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE MANDATORY REIMBURSEMENT RATE INCREASES OF $30.9 MILLION ($14.3 MILLION OF GENERAL FUND APPROPRIATIONS) IN FISCAL YEAR (FY) 2020 AND $130.5 MILLION ($39.4 MILLION OF GENERAL FUND APPROPRIATIONS) IN FY 2021 AS RECOMMENDED BY THE GOVERNOR WITH THE NOTED TECHNICAL ADJUSTMENTS TO REFLECT UPDATED CASELOAD AND COST INFORMATION.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said the next major closing issue was the discretionary reimbursement rate increases. To enact four discretionary reimbursement rate increases, the Governor recommended $17.1 million ($4 million of General Fund appropriations) in FY 2020 and $31.8 million ($7.9 million of General Fund appropriations) in FY 2021. The agency indicated the recommended rate increases were targeted to improve the healthcare delivery system with the selected rate increases thought to have the greatest effect on improvements within the amount of funding available. Fiscal staff noted one discretionary rate increase to support a 12.3 percent increase in the supported living arrangements reimbursement rate was approved by the Committees in closing the Aging and Disability Services Division, Department of Health and Human Services, budgets on May 13, 2019.

Ms. Crocket noted neonatal services rate increases were recommended in decision unit E-230. A 25 percent increase to the daily rate for certain neonatal services was recommended that would increase the Level 2 rate from $327 to $408 and the Level 3 and Level 4 rates from $1,487 to $1,858 per day. The recommendation, that would be effective January 1, 2020, required additional funding of $25 million ($8.9 million of General Fund appropriations). Fiscal staff recommended technical adjustments to align decision unit E-230 with updated May 2019 caseload projections and the FY 2021 projected FMAP rate decrease that revised the cost of decision unit E-230 to a total of $23.3 million ($8.4 million of General Fund appropriations) over the biennium.

The recommended funding would support fee-for-service increases and increases for the managed care organizations (MCOs) through the per-person, per-month capitation rate. However, the Division did not have direct control over reimbursement rates paid to providers by the MCOs. The agency indicated there were five levels of care for newborns, and rate increases were recommended for three of the five levels of care, as described below.

- The Level General and Level 1 rates, that were $327 per day, provided reimbursement for a basic level of care for newborns in the nursery and were not recommended to increase.

- The Level 2 rate, that provided reimbursement for low birth weight newborns who were not ill but required more frequent feedings or additional nursing services, was recommended to increase from $327 per day to $408 per day.

- The Level 3 rate, that provided reimbursement for ill newborns who required an intermediate level of care equating to 6 to 12 hours of nursing services per day, was recommended to increase from $1,487 per day to $1,858 per day.

- The Level 4 rate, that provided reimbursement for severely ill newborns in the Neonatal Intensive Care Unit (NICU) who required constant nursing services along with other supportive services, was recommended to increase from $1,487 per day to $1,858 per day.

At the April 25, 2019, work session, the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services inquired about the rationale for reimbursing Level 3 and Level 4 services at the same rate, considering the difference in services provided. In a May 10, 2019, follow-up memo, the agency indicated that newborns could fluctuate between Levels 3 and 4 during a day because the level of care required changes, and that was problematic because the agency reimbursed a per diem amount for those services. Hospitals had expressed concern over the documentation required to substantiate the level of service provided in requests for reimbursement. The agency indicated that a 25 percent differential between Level 3 and Level 4 services would be reasonable and suggested that maintaining the Level 3 rate at the existing $1,487 per day rate would be appropriate. The result would be a decrease in the cost of the decision unit to $10.8 million ($3.9 million of General Fund appropriations) over the biennium. However, it appeared that establishing a differential between the Levels 3 and 4 rates would not address concerns with the documentation required for reimbursement.

At the March 1, 2019, budget hearing, the Subcommittees inquired whether the recommended rate increase would cover the cost of providing neonatal services. In an April 5, 2019, follow-up memo, the agency indicated that it was not anticipated that the proposed rate increase would cover the cost citing testimony by hospitals at a July 3, 2018, public workshop regarding neonatal reimbursement rates that stated Medicaid reimbursement typically covered less than 40 percent of the cost of services. Fiscal staff was unable to validate hospitals' actual costs of providing neonatal services.

At the April 25, 2019, work session, the Subcommittees requested information about the reimbursement rates paid by other state Medicaid programs for neonatal hospital services. In a May 10, 2019, follow-up memo, the agency indicated that Nevada's per diem reimbursement rate was not comparable to the reimbursement methodologies used in other states, particularly the Diagnosis Related Group (DRG) methodologies used by six of the seven states from which Fiscal staff requested reimbursement rate information. Therefore, a comparison between Nevada's reimbursement and the reimbursement provided by other states could not be made.

Testimony by the agency at the March 1, 2019, budget hearing indicated that reimbursement rates for services provided to infants particularly affected hospitals because of the percentage of births in the state covered by Medicaid. According to the agency, Medicaid covered 60.6 percent of births in Nevada and 47 percent of infants who received neonatal intensive care unit (NICU) services in FY 2018.

Currently, seven hospitals were licensed to provide NICU-level services throughout the state, including two in northern Nevada and five in southern Nevada. The Subcommittees previously questioned whether the recommended rate increase would increase access to neonatal services, and in an April 5, 2019, follow-up memo, the agency indicated that the rate increase was not anticipated to increase the number of NICU beds available in the state.

Ms. Crocket asked whether the Committees wished to approve increasing provider reimbursement rates for certain neonatal hospital services, effective January 1, 2020, funded with $23.3 million ($8.4 million of General Fund appropriations) over the 2019-2021-biennium, as recommended by the Governor, with the noted technical adjustment.

Assemblywoman Titus said the discretionary reimbursement rate increases was a difficult problem because neonatal care was important but very expensive. She asked about the comment that Medicaid covered 60.6 percent of births in Nevada, and 47 percent of infants who received neonatal intensive care unit (NICU) services in FY 2018. She said that was a significant increase. Looking at the data she had on births in Nevada, the state had a stable total number of births, and she thought the number was about 34,000 births in 2014 and 34,700 in 2018. She determined that the births had not increased in Nevada. She noted that in 2014, about 52 percent of births were covered by Medicaid and in 2018, about 60.6 percent of births were covered by Medicaid. She asked about the reason for the change and whether it was because more individuals were applying for Medicaid with better access. The state had a significant increase in Medicaid births but no real increase in the total number of births.

Ms. Crocket responded that the Medicaid caseload had increased in recent years because of the Affordable Care Act (ACA) expansion, and perhaps more mothers were enrolling in Medicaid now. Medicaid had also expanded some eligibility services within hospitals that might help make it easier to qualify children eligible for Medicaid at the time of birth.

Assemblywoman Titus said she was concerned about the future of the managed care organization (MCO) entities. A recommendation was made to increase the MCO rates and support services fees. The Division had no control over the reimbursement rates paid to the providers by the MCOs. An increase in those rates to the MCOs would not mean that the providers would receive any increase in fees paid.

Ms. Crocket replied that it was her understanding that the MCO capitated rates were required to be actuarially sound, and as part of that process, any Medicaid fee-for-service rate increase was then factored into the MCO rate by the actuaries. The federal CMS reviewed and approved the capitated rates. If the rate was increased there would be no choice but to pass that increase on to the MCOs; however, it would be up to the MCOs to determine how that rate increase was distributed.

Chair Carlton said many of those decisions were done contractually, and the Legislature could not affect many of those matters.

Senator Kieckhefer said he supported the increase. He spent considerable time in the NICU and understood the questions over variations between Level 3 and Level 4. The intensity of care provided to anyone in a NICU was significant, and that deviation between those two levels of care was not very significant. The recommendation was one of the better decision units in the budget.

Assemblywoman Neal said she had some level of confusion. She noted that the anticipated proposed rate increase would not cover the cost. The rate increase would not increase the number of beds. She was unsure what the rate increase would do and whether the rate increase acted as a retroactive reimbursement. The figures excluded care provided to those enrolled in the MCOs. She asked about the use of the increased funds.

Ms. Crocket replied that the increased funds would pay for the rate increases for fee-for-service participants. There was a required rate increase in the MCO capitated rate. That would be required to increase if the Committees wished to approve the option to increase the reimbursement rates for fee for services. With regard to cost, the agency did not believe that the rate increases would bring the reimbursement rate up sufficiently to cover the costs. The rates currently covered 40 percent of the cost. Increasing the rate by 20 percent would cover approximately 50 percent of the cost. A rate increase sufficient to cover 100 percent of the cost would be a substantial increase above the decision unit recommended by the Governor. The agency indicated that one of the goals of the decision unit was to sustain the existing number of beds rather than increase services to allow Medicaid participants to continue to have access to those services and prevent hospitals from denying services to Medicaid recipients or closing various units.

Assemblywoman Neal asked whether the agency would move the needle around the reimbursement methodology to get a handle on that for the future.

Ms. Crocket replied that her understanding was that under the agency's previous information system it was difficult to change reimbursement methodologies. However the agency might evaluate other reimbursement methodologies, and there was a possibility it might move to a different methodology in the future.

Chair Carlton said during the Subcommittees hearings there was substantial discussion about how those provider rates were actually bundled together many years ago to address some of the problems that had occurred long ago. The Committees might study the problem during the interim to determine the best way to develop the rates. She appreciated the answer about Level 3 and Level 4 services and focused on that. She understood that babies could bounce back and forth between levels of care in a single day. Medicaid paid a per diem rate rather than the actual individual sticker hospital billing. She recounted that hospital staff come in and take all the stickers off of everything and put it on the cart, and the patient would pay for every sticker, but Medicaid only paid the per diem rate. That made sense to her. She suggested that the new information system might afford a better understanding of the rates for the future.

Assemblyman Wheeler asked whether the MCOs were not for profit or whether the rates were limited to reimbursement.

Ms. Crocket responded that the rates were reimbursement rates for NICU hospital services.

Chair Carlton added that some hospitals were for profit and some hospitals were not for profit. The not-for-profit hospital in the state was University Medical Center (UMC), and the other hospitals were for profit. The MCOs were for profit.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR KIECKHEFER MOVED THAT THE COMMITTEES APPROVE INCREASING PROVIDER REIMBURSEMENT RATES FOR CERTAIN NEONATAL HOSPITAL SERVICES EFFECTIVE JANUARY 1, 2020, FUNDED WITH $23.3 MILLION ($8.4 MILLION OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM AS RECOMMENDED BY THE GOVERNOR WITH THE NOTED TECHNICAL ADJUSTMENT.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Senator Parks were not present for the vote.)

Chair Carlton said there was much discussion about the matter during the presession hearings. The saying was, "Every baby counts." The Legislature was well aware that every baby counted.

Ms. Crocket said the next item was pediatric intensive care unit services in decision unit E-242. A 15 percent increase for pediatric intensive care unit (PICU) services, that encompassed services provided to individuals aged approximately 1 month to 18 years, was recommended, effective January 1, 2020. The recommendation that required additional funding of $2.5 million ($885,178 of General Fund appropriations) was intended to provide financial support to sustain those units in existing hospitals. The discussion was similar to the discussion on the previous item related to the NICU services. The agency indicated there was currently one reimbursement rate for medical, surgical, and PICU services of $1,500 per day. A 15 percent rate increase for PICU services would equate to a rate of $1,725 per day. Similar to neonatal services, at the March 1, 2019, budget hearing, the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services inquired whether the recommended rate increase would cover the cost of providing PICU services. As previously noted in an April 5, 2019, follow-up memo, the agency indicated that it did not anticipate that the proposed rate increase would cover the cost, citing testimony by hospitals at a July 3, 2018, public workshop regarding neonatal reimbursement rates that stated Medicaid reimbursement typically covered less than 40 percent of the cost of services. The agency targeted the rates to provide financial support to sustain and maintain the existing PICU units within hospitals.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation to increase provider reimbursement rates for pediatric intensive care services by 15 percent effective January 1, 2020, funded with $2.5 million ($883,513 of General Fund appropriations) over the biennium, with the noted technical adjustment.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO INCREASE PROVIDER REIMBURSEMENT RATES FOR PEDIATRIC INTENSIVE CARE SERVICES BY 15 PERCENT EFFECTIVE JANUARY 1, 2020, FUNDED WITH $2.5 MILLION ($883,513 OF GENERAL FUND APPROPRIATIONS) OVER THE BIENNIUM WITH THE NOTED TECHNICAL ADJUSTMENT.
>
> ASSEMBLYWOMAN TITUS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Senator Parks were not present for the vote.)

Ms. Crocket said the next item related to personal care services in decision unit E-234. A 3.3 percent increase for personal care service providers was recommended, effective January 1, 2020, at a cost of $6.1 million ($2.1 million of General Fund appropriations) over the biennium. After considering updated May 2019 caseload projections and the projected FY 2021 FMAP rate decrease, the cost of decision unit E-234 would total $6 million

($2.2 million of General Fund appropriations) over the 2019-2021 biennium. The recommendation, that would increase reimbursement rates from $4.25 to $4.39 per service unit (15 minutes), was intended to allow participants to receive services in home and community-based settings rather than in institutions by allowing providers to remain competitive in recruiting staff who provided direct services. As a cost saving measure in 2009, rates were reduced from $4.63 per 15 minutes to the pre-2005 level of $4.25 per 15 minutes where the rates remained. The 2009 rate of $4.63 per 15 minutes was 5.5 percent higher than the recommended rate of $4.39 per 15 minutes. Fiscal staff estimated that the effect of increasing the rate to $4.63 would require total funding of $16.4 million ($5.9 million of General Fund appropriations) over the biennium, which was $10.3 million ($3.7 million of General Fund appropriations) more than the amount in the decision unit.

Fiscal staff noted that Senate Bill 509 of the 79th Session (2017) authorized the Division to impose an assessment on certain providers, including personal care service agencies, after receiving affirmative support of the assessment by 67 percent of providers as a means of providing increased provider reimbursement. The agency worked with the provider community, including the Personal Care Association of Nevada, to develop an assessment for personal care services during the interim. However, the Personal Care Association of Nevada expressed that it might be challenging to obtain support from the minimum 67 percent of providers necessary to impose the assessment. Furthermore, the agency noted that no states had enacted a provider assessment for personal cares services, and developing a methodology that would align with the federal Centers for Medicare and Medicaid Services (CMS) requirements might be difficult. The agency intended to continue working with the provider community to develop a provider assessment. If it was successful in developing a provider assessment, the result would provide a means of increased reimbursement to the providers.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation to increase the provider reimbursement rate for personal care services by 3.3 percent effective January 1, 2020, from $4.25 per 15 minutes to $4.39 per 15 minutes, funded with $6 million ($2.2 million of General Fund appropriations) over the 2019-2021 biennium with the noted technical adjustment for caseload and FMAP rate changes.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO INCREASE THE PROVIDER REIMBURSEMENT RATE FOR PERSONAL CARE SERVICES BY 3.3 PERCENT EFFECTIVE JANUARY 1, 2020, FROM $4.25 PER 15 MINUTES TO $4.39 PER 15 MINUTES, FUNDED WITH $6 MILLION ($2.2 MILLION OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM WITH THE NOTED TECHNICAL

ADJUSTMENT FOR CASELOAD AND FEDERAL MEDICAL ASSISTANCE PERCENTAGE RATE CHANGES.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

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

Ms. Crocket said the next item related to new initiatives to expand Medicaid services in decision units E-232 and E-238. The Governor recommended two new initiatives to expand certain Medicaid services at an additional cost of $48.7 million ($9.9 million of General Fund appropriations) over the 2019-2021 biennium. The first initiative related to certified community-based behavioral health clinics (CCBHCs) in decision unit E-238. The Governor recommended continuing coverage for services provided through CCBHCs through an 1115(a) Demonstration Waiver project that allowed states to receive federal funding to test and enact coverage approaches that did not otherwise meet federal program rules, at a cost of $38.9 million over the biennium ($8 million of General Fund appropriations). To support the initiative, the Governor recommended three new positions and associated operating costs. Fiscal staff recommended a technical adjustment to reflect the FY 2021 FMAP rate decrease that resulted in a General Fund increase of $82,556 in FY 2021.

Currently, Nevada participated in a federal demonstration project expiring June 30, 2019, to create CCBHCs that were designed as a collaborative effort between state and local agencies to improve behavioral health services. The CCBHCs' services included 24-hour mobile crisis, outpatient mental health and substance use treatment, case management, and recovery supports. The CCBHCs began operations in July 2017, and three CCBHCs currently operated in Las Vegas, Elko and Fallon. In FY 2018, Medicaid provided $3.1 million in reimbursements to the CCBHCs funded with $692,188 in General Fund appropriations and $2.4 million in federal funds for services provided to 1,278 participants.

Ms. Crocket noted the initial CCBHC demonstration program expired on June 30, 2019, and the Governor recommended extending and expanding the operation of CCBHCs in the state through a Section 1115(a) Demonstration Waiver. The proposed waiver included a continuation of the existing three CCBHCs and expanding the number of providers by seven, to a total of ten providers, effective October 1, 2019. The agency indicated the seven additional facilities would be located in Las Vegas, Reno, Carson City, and Silver Springs. The agency estimated that Medicaid participants receiving services through a CCBHC would total 9,229 in FY 2020 and 9,369 in FY 2021. The recommended funding supported medical services for the existing three clinics effective July 1, 2019, and the additional seven clinics effective October 1, 2019.

Ms. Crocket noted that CMS required that Section 1115(a) Demonstration Waivers be budget-neutral to the federal government over the five-year project period. Considering the costs in decision unit E-238, Fiscal staff previously asked the agency to elaborate on the budget neutrality aspect of the proposed waiver. The agency responded that the budget neutrality calculation could be complex, and the metrics would not be finalized until the waiver was approved by CMS. In an April 5, 2019, follow-up memo, the agency indicated that it was possible that the Section 1115(a) Demonstration Waiver would reduce medical service costs as well as criminal justice costs throughout the state. However, any such savings was difficult to project according to the agency.

The 1115(a) Demonstration Waiver application development and approval process involved several steps, including time associated with developing the application, three separate 30-day public comment periods (totaling 90 days), as well as time for CMS' review. However, after consulting with CMS, the agency believed it might be feasible for the waiver to be approved by June 30, 2019, by working closely with CMS throughout the application development process to proactively address questions.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation to establish an 1115(a) Demonstration Waiver to support the continued operation of CCBHCs in the state, funded with $38.9 million over the 2019-2021 biennium ($8.1 million of General Fund appropriations) with the noted technical adjustment.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO ESTABLISH AN 1115(A) DEMONSTRATION WAIVER TO SUPPORT THE CONTINUED OPERATION OF CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS IN THE STATE FUNDED WITH $38.9 MILLION OVER THE 2019-2021 BIENNIUM ($8.1 MILLION OF GENERAL FUND APPROPRIATIONS) WITH THE NOTED TECHNICAL ADJUSTMENT.
>
> SENATOR KIECKHEFER SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, Wheeler, and Senator Parks were not present for the vote.)

Ms. Crocket said the next item related to supportive housing services in decision unit E-232. The Governor recommended adding coverage for services intended to reduce housing instability and chronic homelessness through a 1915(i) state plan option that allowed states to provide targeted home and community-based services to individuals who met state-defined criteria at a total cost of $9.8 million ($1.9 million of General Fund appropriations) over the 2019-2021 biennium. Fiscal staff recommended technical adjustments to reflect the FY 2021 FMAP rate decrease ($23,162 General Fund increase in FY 2021). The agency projected a caseload of 1,680 in FY 2020 and 1,705 in FY 2021 for the expanded supportive housing services. The recommendation, that would be effective January 1, 2020, would provide tenancy support and housing case management including assistance with searching for housing and preparing housing applications, landlord relationship management, eviction prevention, participant education on tenant rights and responsibilities, as well as coordination with medical providers, social services, and other associated services provided by community providers through the establishment of a new Medicaid provider type.

The agency indicated the supportive housing services were anticipated to stabilize medical needs that might result in reduced emergency room and other hospital services use. At the April 25, 2019, work session, the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Human Services requested information regarding savings experienced by Louisiana and Massachusetts following the enactment of supportive housing services in the Medicaid programs of those states. In a May 1, 2019, follow-up memo, the agency indicated that Massachusetts experienced a $226 per-person, per-month cost savings, and Louisiana experienced a 24 percent reduction in medical service costs for persons receiving supportive housing services. The Governor's recommended budget did not include any savings associated with the initiative. Fiscal staff noted that any savings realized in the upcoming biennium would be reflected in the actual cost per eligible that would carry forward into the budget for the 2021-2023 biennium.

During the March 5, 2019, budget hearing, the Subcommittees inquired about other entities in the state that provided similar services to chronically homeless individuals. The agency indicated that the recommended Medicaid supportive housing services would complement existing services and focus on individuals who met eligibility criteria established by the DHCFP.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation to add coverage for supportive housing services through a 1915(i) state plan option, effective January 1, 2020, with the noted technical adjustment, funded with $9.8 million ($1.9 million of General Fund appropriations) over the 2019-2021 biennium.

Assemblywoman Titus said she supported the idea and the concept to ensure that patients who had specific healthcare needs were in proper housing and could receive proper treatment and prevent some of the issues that arose. She needed to clarify the work of the other agencies that were already involved in those tasks through grants to prevent homelessness. She had not seen a good plan on how the concept would be put into action. She asked whether there would be a referral from a provider that a patient was in need of a home before discharge. She asked whether the tasks would be coordinated because it appeared to be a material amount of funding. She was unsure about the recommendation. She understood that the state was allowed to provide services through a 1915(i) state plan option. The federal government allowed states to provide the services under certain circumstances. She was not convinced the proposal was an adequate program or whether the program would be successful in getting new providers to cooperate. When you saw somebody on the street that needed a home, often that individual had a medical issue too. Assemblywoman Titus needed more information about the funding, how it would be accessed, and whether it would be tied to a particular health concern. She asked whether she, as a medical doctor, would refer a patient to this program and would be prevented from discharging a patient from a hospital because the individual lacked a place to go. She needed more clarification about the services.

Ms. Crocket responded that she had not heard that there would be any requirement to not discharge patients from a hospital or anything such as that. Her understanding was that the community providers and nonprofit entities did not receive reimbursement from Medicaid for housing services that were provided. The providers would work to identify individuals in need of services and would coordinate with other providers. She was unsure whether a specific referral process or anything such as that had been developed.

Assemblywoman Titus asked whether a new provider type would be created that could bill for housing services.

Ms. Crocket confirmed that a new provider type would be created that could bill for services.

Assemblywoman Titus asked whether the new provider type could bill for services and then get reimbursed for the housing projects or would the providers manage all the funds and pay the rent to ensure the individuals had proper housing.

Ms. Crocket responded that federal law did not allow Medicaid funds to pay for housing directly. The new services would assist individuals to identify housing options and work with landlords and provide services of that nature.

Assemblywoman Titus understood the money would go to a group that would try to find housing, and none of the money went directly to pay for an individual's rent.

Ms. Crocket confirmed that the money would not be used to pay directly for rent or housing costs.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN SPIEGEL MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO ADD COVERAGE FOR SUPPORTIVE HOUSING SERVICES THROUGH A 1915(I) STATE PLAN OPTION EFFECTIVE JANUARY 1, 2020, WITH THE NOTED TECHNICAL ADJUSTMENT, FUNDED WITH $9.8 MILLION ($1.9 MILLION OF GENERAL FUND APPROPRIATIONS) OVER THE 2019-2021 BIENNIUM.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.

Chair Carlton asked for discussion of the motion.

Assemblywoman Titus said she could not support the motion. She expressed concern about where the funding would be used and thought there might be some duplication. She was concerned that the money would not serve the individual's need but rather would go to some agency.

There being no further questions or comments, Chair Carlton called for the vote.

> THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblymen Frierson, Hambrick, Wheeler, and Senator Parks were not present for the vote.)

Ms. Crocket said the next item related to the increase of county support for the county match population in decision unit E-248. The Governor recommended revising the methodology for determining county financial support for the nonfederal share of Medicaid costs for certain county match participants by replacing General Fund appropriations of $9.6 million per year with county reimbursements. Based on May 2019 caseload projections and the projected FY 2019 caseload decrease, General Funds of $10 million in FY 2020 and $10.1 million in FY 2021 would be replaced by county reimbursements, and $27.9 million per year would be moved from the Waiver category to the County Match category. Fiscal staff recommended technical adjustments to reflect those changes. The agency’s updated budget projection moved the county match supplemental fund transfer to decision unit E-246. After considering the decision unit, associated changes resulting from waiver slot increases, May 2019 caseload projections, and the FY 2021 FMAP rate decrease, county reimbursements in the budget were projected to be $37.2 million in FY 2020 and $40.5 million in FY 2021, representing increases of 59.7 percent and 74 percent in FY 2020 and FY 2021, respectively, when compared to the actual FY 2018 amount of $23.3 million in the budget. She noted that counties also contributed $79,300 per year to the Administration BA 3158 to defray administrative costs associated with county match participants.

Under the County Match program, counties were responsible for supporting the nonfederal share of Medicaid costs for indigent institutionalized individuals and participants in waiver programs whose incomes fell within criteria established annually by the Director of the Department of Health and Human Services (DHHS). For counties with populations less than 100,000, the county’s financial responsibility for those individuals was capped, pursuant to *Nevada Revised Statutes* (NRS) 428.285, at the proceeds of an 8-cent tax on each $100 of assessed valuation on all taxable property in the county, as determined annually by the Department of Taxation. The Division entered into biennial interlocal agreements with counties that outlined the financial responsibility of the counties for those Medicaid participants.

The County Match population was composed of two groups known as the Traditional population and the New population. In FY 2019, the Traditional population included institutionalized individuals with incomes between 156 percent and 300 percent of the federal benefit rate ($1,203 and $2,313 per month). Counties were responsible for supporting the entire nonfederal share of expenditures up to the 8-cent cap for counties with populations less than 100,000 including costs that exceeded the legislatively approved amount.

During the 76th Session (2011), the Legislature approved expanding the financial responsibility of counties to support the nonfederal share of Medicaid costs for indigent individuals by adding the New population to the County Match program. In FY 2019, the New population included institutionalized individuals at lower incomes (incomes between 142 and 155 percent of the federal benefit rate, or $1,095 and $1,195 per month) and waiver participants with incomes between 142 and 300 percent of the federal benefit rate ($1,095 and $2,313 per month). The following table displayed June 2018 actual caseload for the Traditional and New populations by county, as provided by the agency.

June 2018 Actual Caseload by County, Traditional Population and New Population			
County	**Traditional Population**	**New Population**	**Total**
Carson City	48	87	135
Churchill	10	38	48
Clark	828	1,371	2,199
Douglas	14	20	34
Elko	35	47	82
Esmeralda	1	1	2
Eureka	-	2	2
Humboldt	11	22	33
Lander	8	6	14
Lincoln	6	-	6
Lyon	27	49	76
Mineral	13	5	18
Nye	23	22	45
Pershing	8	4	12
Storey	2	2	4
Washoe	147	487	634
White Pine	14	1	15
Totals	**1,195**	**2,164**	**3,359**

According to the Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services (DHHS), County Reimbursements to support the nonfederal share of Medicaid costs for the New population had been capped by DHHS policy at the FY 2013 legislatively approved amount, meaning that County Reimbursements for the New population had not increased to cover the nonfederal share of cost-per-eligible increases and caseload increases since FY 2013. As a result, General Fund appropriations had been used to fund the nonfederal share of actual Medicaid costs for the New population that exceeded the FY 2013 legislatively approved amount. Between FY 2014 and FY 2018, the agency calculated that General Fund appropriations had supported $39.3 million of Medicaid costs for the New population including $9.6 million in FY 2018.

The Governor recommended revising the methodology for determining financial support for the New population by increasing County Reimbursements from the FY 2013 legislatively approved amount to the total projected nonfederal share of Medicaid costs for the New population up to the 8-cent cap. For counties with populations less than 100,000, costs above the cap would be covered by General Fund appropriations. The following table compared the projected FY 2021 County Reimbursements for the New population, with the FY 2013 cap amount based on information provided by the agency.

FY 2013 Cap Amount and Projected County Reimbursements for the County Match New Population, FY 2021 *

County	FY 2013 Cap Amount	Projected Assessment **	$ Change ***	% Change
Carson City	$ 450,193	$ 849,022	$ 398,829	88.6%
Churchill	$ 112,425	$ 328,878	$ 216,453	192.5%
Clark	$ 5,461,716	$ 15,580,193	$ 10,118,477	185.3%
Douglas	$ 147,528	$ 186,882	$ 39,354	26.7%
Elko	$ 184,103	$ 384,493	$ 200,390	108.8%
Esmeralda	$ 6,137	$ -	$ (6,137)	-100.0%
Eureka	$ 15,465	$ 21,917	$ 6,452	41.7%
Humboldt	$ 117,826	$ 212,191	$ 94,365	80.1%
Lander	$ 28,229	$ 60,082	$ 31,853	112.8%
Lincoln	$ 17,428	$ -	$ (17,428)	-100.0%
Lyon	$ 219,941	$ 665,588	$ 445,647	202.6%
Mineral	$ 28,475	$ 62,113	$ 33,638	118.1%
Nye	$ 174,038	$ 271,885	$ 97,847	56.2%
Pershing	$ 15,710	$ 46,616	$ 30,906	196.7%
Storey	$ 15,219	$ 12,219	$ (3,000)	-19.7%
Washoe	$ 1,613,231	$ 4,407,224	$ 2,793,993	173.2%
White Pine	$ 82,233	$ 17,188	$ (65,045)	-79.1%
TOTAL	**$ 8,689,897**	**$ 23,106,488**	**$ 14,416,591**	

* This table includes only the non-federal share of costs for the New population; costs associated with the traditional population are not included.

** The 8-cent cap is applied to total Country Reimbursements; Carson City, Lander, Lyon, Mineral, and Pershing counties are projected to exceed the 8-cent cap by $1.0 million in FY 2021; this cost would be covered by the General Fund.

*** The Projected Assessment includes waiver slot increases; Major Closing Issue 5.

As shown in the table, County Reimbursements for the New population were projected to increase for 13 counties when compared to the FY 2013 capped amount, with 89.6 percent, or $12.9 million of the increase, supported by Clark ($10.1 million) and Washoe ($2.8 million) Counties in FY 2021. County Reimbursements for the remaining four counties were projected to be lower than the FY 2013 cap amount. The projected amount included the projected waiver slot increases.

Ms. Crocket noted that actual County Reimbursements for the New population in the upcoming biennium might be lower or higher than the projected amounts shown in the table, based on actual caseload and Medicaid costs that materialized in the upcoming biennium, because counties would be responsible for actual costs. The agency indicated it would request to continue adjusting County Reimbursements for the New population in future fiscal year budgets to align with revised caseload and cost projections.

On August 14, 2018, the DHCFP informed the Nevada Association of Counties (NACO) of the intended County Reimbursement increase. In addition, the agency indicated that meetings with NACO and the counties had occurred to discuss County Reimbursements. According to the agency, several counties expressed concern about adopting County Reimbursement increases. Several counties stated they might need to reduce costs in other county programs to pay for the increased County Reimbursements.

Ms. Crocket said the next major closing issue related to increased waiver slots in decision units Maintenance (M) 201, M-202, M-203, M-510, M-511, and M-512. The Governor recommended $22.4 million ($4.3 million General Fund appropriation) in FY 2020 and $45.3 million ($11.3 million of General Fund appropriations) in FY 2021 for increased medical services costs associated with expanding the number of waiver slots for the Division's three approved Medicaid home and community-based services waiver (HCBW) programs. Major closing issue 5 would require counties to be responsible for the full nonfederal share of supporting eligible recipients. Some of the costs for those decision units should be allocated to the counties if the Committees chose to approve the revised methodology for the new population. The Fiscal Analysis Division staff completed technical adjustments to reflect the revision and the adjustments would reduce General Fund appropriations by $7.3 million over the 2019-2021 biennium and increase county reimbursements by a corresponding amount.

Ms. Crocket noted that pursuant to *Nevada Revised Statutes* (NRS) 428.206, the Board of Trustees that administered the Indigent Hospital Care BA 3244 may allocate funding to satisfy any portion of a county's obligation to pay the state share of certain Medicaid expenditures related to long-term care, upon entering into an agreement with the DHCFP. On December 12, 2018, the Board of Trustees approved using $2 million from the Indigent Hospital Care BA 3244 to satisfy a portion of a county's obligation to pay the state share of Medicaid expenditures related to the Medicaid County Match population. A work program had been submitted for consideration at the June 20, 2019, meeting of the Interim Finance Committee (IFC) to transfer funds to DHCFP for that purpose. While the majority of funding in the Indigent Hospital Care BA 3244 was used to support a Medicaid supplemental payment program, the budget was projected to have excess reserves totaling $4.2 million in the upcoming biennium. The Board of Trustees might opt to allocate funding for a similar purpose in the upcoming biennium.

Ms. Crocket asked whether the Committees wished to approve the Governor's recommendation to align county financial support for the New population based on updated caseload projections and the FY 2021 FMAP rate decrease, resulting in General Fund decreases of $10 million in FY 2020 and $10.1 million in FY 2021.

Chair Carlton said she had heard that the counties had closed their budgets. It would be difficult for the counties to accommodate the additional costs, especially in light of the fact that the numbers had changed several times. The counties' staff thought they had accounted for the correct number, but the increased number of waiver slots added another component. She thought the Committees should have a discussion about the state helping the counties absorb the costs in the first year of the biennium. She asked what those numbers would be to give the counties the opportunity to prepare for the second year costs of the 2019-2021 biennium.

Ms. Crocket responded that the total county increase for the waiver slots would be $2.3 million in FY 2020 and that number would increase to $4.9 million in FY 2021 because the waiver slots increased over the biennium. If the Committees wished to hold the counties harmless for some portion of that $2.3 million, that could be considered under major closing issue 6.

Chair Carlton asked for discussion from the Committees.

Senator Kieckhefer said that within the Governor's recommended budget, the proposal based on the calculations had about a $9.6 million per year cost. When the number was recalculated, it grew to about $10 million per year not including the effect of the increased waiver slots.

Ms. Crocket responded that the Governor's recommended budget included a cost of $9.6 million per year, although overall Medicaid caseload had decreased from the Governor's recommended budget based on the updated projections. The waiver categories increased slightly. The FMAP rate decrease in FY 2021 affected the cost, and the funding for the waiver slot increases was not contemplated in The Executive Budget. However, based on the agency's intent to have the counties pay for the full cost of services for the New population, it appeared that the counties would be responsible for the New waiver slots, but the counties had not been noticed about the costs in advance.

Senator Kieckhefer thought that the problem in decision unit E-248 was bringing the counties up to the 8-cent cap. That difference between the cost originally recommended in The Executive Budget and the recalculation based on all the updated projections would total about $500,000 a year.

Ms. Crocket confirmed that Senator Kieckhefer was correct.

Senator Kieckhefer believed that the larger cost would occur because of the increased waiver slots.

Ms. Crocket replied that the $2.3 million increase in FY 2020 and the $4.9 million increase in FY 2021 were subject to the waiver caseload materializing as projected and individuals filling all those slots. The actual costs that the agency would experience might differ and be higher or lower depending on the cost per person.

Senator Goicoechea said he was struggling with the waiver slot problem and how the slots would be accessed. He agreed that the county budgets were already closed. What concerned him about the waiver slots was that some jurisdictions lacked the ability to pay the costs within the existing budgets. He noted that the increased costs for Pershing County totaled nearly a 200 percent increase. He was concerned about whether the waiver would be taken into consideration by counties that were unable to absorb that cost either in the first year or the second year of the 2019-2021 biennium. It would be difficult for Pershing County to pay that increased cost. He expressed concern that there might not be any real flexibility in the waivers and consideration of the fiscal effect on those jurisdictions.

Ms. Crocket responded that she was unaware of any efforts to change the waiver eligibility for smaller counties with populations less than 100,000. The 8-cent property tax cap might cover the cost, but any cost that exceeded the cap would be paid by the State General Fund. The Executive Budget included about $2 million that would cover the costs that were projected to exceed the cap.

Senator Goicoechea said he understood that any costs in excess of the 8-cent property tax cap would be covered by the General Fund for counties with populations less than 100,000.

Ms. Crocket confirmed that Senator Goicoechea's understanding was correct according to the statutes.

Senator Settelmeyer said that the state required increased waiver slots, but the counties had already closed the budgets, and it created a problem. He understood the discussion and preferred to help the counties because the counties had already closed the budgets.

Chair Carlton said she favored assisting the counties for the first year to allow the counties to plan to accommodate the costs in the second year of the 2019-2021 biennium. The counties had time to plan for the FY 2021 budget. She said the problem was confusing, and she wanted to ensure the Committees were comfortable with the details. She learned something new about Medicaid every day. She wanted to confirm the correct numbers with the Fiscal Analysis Division staff to ensure staff understood the intention of the Committees and the General Fund cost for the first year of the biennium.

Ms. Crocket responded that if the Committees wanted to maintain the amount recommended by the Governor initially in decision unit E-248, the cost was $9.6 million per year. The replacement of General Fund with county appropriations totaled about $400,000 in FY 2020. The waiver slot increases totaled $2.3 million bringing the total to $2.7 million.

Chair Carlton said the General Fund cost totaled $2.7 million in FY 2020 for the state to assist the counties with the increased costs for the first year of the 2019-2021 biennium.

Senator Kieckhefer said the county reimbursements in the budget were projected to increase almost 59.7 percent in FY 2020 and 74 percent in FY 2021 year over year.

Ms. Crocket responded that the increase was not year over year but the increase was compared to FY 2018.

Senator Kieckhefer said the counties indicated the first assessments had increased significantly more than expected based on what was originally proposed. He asked whether something else had changed.

Ms. Crocket responded that she was not aware of any other changes.

Melissa Laufer-Lewis, Administrative Services Officer, Aging and Disability Services Division, Department of Health and Human Services, replied that the Division of Health Care Financing and Policy, Department of Health and Human Services, determined the total effect by year by county, and that included major closing issue 5 and major closing issue 6.

Senator Kieckhefer thought that the original projection did not include those increased waiver slots, and that cost was what the counties were seeing for the first time.

Ms. Laufer-Lewis confirmed that the counties were seeing that difference now for the first time.

Assemblywoman Benitez-Thompson wanted to know whether the adjustment was reflected in major closing issue 5 or major closing issue 6 or was it a portion of the cost in both issues.

Ms. Crocket replied that there would be two adjustments. The first adjustment would be to maintain the $9.6 million in year 2020 in major closing issue 5. Under major closing issue 6, the motion would be to not accept the technical adjustments for both years of the 2019-2021 biennium and retain the $2.3 million General Fund appropriations in FY 2020 but accept the technical adjustments in FY 2021 to replace the General Fund with county reimbursements. There would be two different aspects for the Committees to consider.

Assemblyman Kramer thought the first year county participation would require an additional $2.3 million in FY 2020 for major closing issue 5.

Ms. Crocket replied that there were two different matters involved in the discussion. The first matter was the decision to replace the General Fund with county reimbursements. The Governor's recommended level was $9.6 million under major closing issue 5. Major closing issue 6 would account for projected waiver slot increases and a $2.3 million replacement of General Fund with county reimbursements. The costs were addressed in two different issues.

Assemblyman Kramer asked whether both costs were for the first year of the 2019-2021 biennium.

Ms. Crocket responded that the costs were for the first year of the 2019-2021 biennium.

Assemblyman Kramer believed that the Committees needed to consider an additional $11.9 million cost.

Ms. Crocket said it was her understanding the Committees, in discussing major closing issue 5, preferred to maintain the $9.6 million recommended by the Governor rather than accept the updated caseload projections that would bring the increased county reimbursements to $10 million. She understood the Committees also preferred to not accept the replacement of General Fund with county reimbursements in the 2019-2021 biennium for the waiver slot increases in major closing issue 6.

Assemblyman Kramer said he still did not understand the problem. Ms. Crocket had talked about increases in services, but he was talking about the amount of money being paid by the counties in the first year of the biennium. He asked whether the counties would have to pay an increased cost from the amounts paid in FY 2019.

Ms. Crocket said the Governor's recommendation in major closing issue 5 was to replace the General Fund appropriations with county reimbursements and require the counties to contribute additional funding to support certain costs.

Assemblyman Kramer thought that totaled an additional $10 million.

Ms. Crocket confirmed that $10 million was the correct amount.

Chair Carlton stated that the Committees were having a difficult conversation. She favored having the General Fund pay for the $2.7 million cost in the first year of the 2019-2021 biennium and maintain the $9.6 million that was in the budget. She thought it would be more fair to have the General Fund pay the $2.7 million cost instead of shifting the cost to the counties for the first year of the 2019-2021 biennium because the county budgets were closed already. The counties would have a year's notice for the second year of the 2019-2021 biennium to build that amount into future budgets.

Assemblyman Kramer said he understood the concept, but it was the numbers that were deceiving. He noted that Chair Carlton said the cost was $2.7 million, but he heard $9.6 million was the cost.

Ms. Crocket responded that the $2.7 million cost related to the projected increases in waiver slots, but that was a different decision point than the decision point to replace the General Fund with county reimbursements. In addition to what could be considered the base waiver caseload reflected in major closing issue 5, there were projected increases in the waiver caseload slots that were encompassed in major closing issue 6. A dollar amount was assigned to the increased waiver caseload, and part of that would be supported with county reimbursements under the recommendation to swap out the funding. The $2.7 million was related to the increased caseload, and the $9.6 million could be considered the base caseload.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred to the following chart.

FY 2013 Cap Amount and Projected County Reimbursements for the County Match New Population, FY 2021 *

County	FY 2013 Cap Amount	Projected Assessment **	$ Change ***	% Change
Carson City	$ 450,193	$ 849,022	$ 398,829	88.6%
Churchill	$ 112,425	$ 328,878	$ 216,453	192.5%
Clark	$ 5,461,716	$ 15,580,193	$ 10,118,477	185.3%
Douglas	$ 147,528	$ 186,882	$ 39,354	26.7%
Elko	$ 184,103	$ 384,493	$ 200,390	108.8%
Esmeralda	$ 6,137	$ -	$ (6,137)	-100.0%
Eureka	$ 15,465	$ 21,917	$ 6,452	41.7%
Humboldt	$ 117,826	$ 212,191	$ 94,365	80.1%
Lander	$ 28,229	$ 60,082	$ 31,853	112.8%
Lincoln	$ 17,428	$ -	$ (17,428)	-100.0%
Lyon	$ 219,941	$ 665,588	$ 445,647	202.6%
Mineral	$ 28,475	$ 62,113	$ 33,638	118.1%
Nye	$ 174,038	$ 271,885	$ 97,847	56.2%
Pershing	$ 15,710	$ 46,616	$ 30,906	196.7%
Storey	$ 15,219	$ 12,219	$ (3,000)	-19.7%
Washoe	$ 1,613,231	$ 4,407,224	$ 2,793,993	173.2%
White Pine	$ 82,233	$ 17,188	$ (65,045)	-79.1%
TOTAL	**$ 8,689,897**	**$ 23,106,488**	**$ 14,416,591**	

* This table includes only the non-federal share of costs for the New population; costs associated with the traditional population are not included.

** The 8-cent cap is applied to total Country Reimbursements; Carson City, Lander, Lyon, Mineral, and Pershing counties are projected to exceed the 8-cent cap by $1.0 million in FY 2021; this cost would be covered by the General Fund.

*** The Projected Assessment includes waiver slot increases; Major Closing Issue 5.

Ms. Jones said the chart showed how much the assessment would change, and the total would be $14.4 million. The $9.6 million covered the General Fund portion of that $14.4 million for the first year of the 2019-2021 biennium.

Ms. Crocket noted that the total amount included the waiver slot increases as well.

Ms. Jones clarified that the total cost included the waiver slot increases, and the cost was $9.6 million for major closing issue 5 and $2.3 million for major closing item 6.

Ms. Crocket confirmed Ms. Jones' numbers were correct.

Ms. Jones added that the total cost would be $11.9 million to cover the increases for the waiver population and the change in methodology to charge the counties for the statutory responsibilities in covering those costs for the first year of the 2019-2021 biennium. The change would occur under the new methodology for the first year of the biennium.

Ms. Crocket confirmed Ms. Jones was correct.

Ms. Jones said the decision was whether the Committees wished to replace county contributions of $9.6 million with General Funds for major closing issue 5 and a $2.3 million General Fund increase and decrease in county assessments in major closing issue 6 for the first year of the 2019-2021 biennium.

Chair Carlton said the confusion resulted from the numbers that changed in the base budget and the numbers that changed for the increased waiver slots. The recommended budget accounted for the $9.6 million cost for the counties of the total $10 million in the budget, and the difference was $400,000, and the counties did not account for that additional cost. Also, the counties did not account for the $2.3 million cost for the increased caseload. When the $2.3 million was added to the $400,000, the total was a $2.7 million difference in the first year of the 2019-2021 biennium. Chair Carlton's intention was to afford the counties time to plan their budgets for the additional cost. The counties indicated they were unsure of the Legislature's numbers that failed to match the county numbers. The numbers were a moving target that changed every hour. She said there would never be a perfect match to the numbers, but the Legislature could provide a little relief for the first year of the 2019-2021 biennium to allow the counties to plan for the increased costs in the second year of the 2019-2021 biennium. Chair Carlton wanted to ensure the motion of the Committees was sufficient to provide the Fiscal Analysis Division staff with the authority needed to enact the proper actions.

Ms. Crocket suggested the motion on major closing issue 5 would be to approve the Governor's recommendation to align county financial support for the New population and maintain the FY 2020 replacement of General Fund with county reimbursements at $9.6 million and the increase based on the projected FMAP rate decrease of $10.1 million in FY 2021 for major closing issue 5.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO ALIGN COUNTY FINANCIAL SUPPORT FOR THE NEW POPULATION AND MAINTAIN THE FISCAL YEAR (FY) 2020 REPLACEMENT OF GENERAL FUND WITH COUNTY

REIMBURSEMENTS AT $9.6 MILLION AND THE INCREASE BASED ON THE PROJECTED FEDERAL MEDICAL ASSISTANCE PERCENTAGE RATE DECREASE OF $10.1 MILLION IN FY 2021 FOR MAJOR CLOSING ISSUE 5.

SENATOR WOODHOUSE SECONDED THE MOTION.

Chair Carlton asked for discussion on the motion.

Assemblyman Kramer said he was looking at the chart referenced by Ms. Jones. It was frustrating to him that the chart was dated 2013 year and 2021 but he failed to see 2019 or 2020. He thought the recommendation was $9.6 million for 2019, but he did not believe that was the correct number. He thought the number was lower than that, but he was unable to see that. He did not hear that was the number. He asked that the number be restated by the Fiscal Analysis Division staff.

Chair Carlton said those numbers were in constant flux, and the numbers provided to the Committees and the counties had been in constant disagreement or not coordinated and the numbers had not been the same. There had been constant changes to the Medicaid budget. She understood the frustration, but it was impossible to get to a precise number. The best the Committees could do was try to give some relief to the counties in the first year of the 2019-2021 biennium.

Assemblywoman Titus said that she appreciated all the hard work that had gone into the discussion. Unfortunately she could not support the motion, even though she appreciated providing the counties a year to plan for the increased costs.

Chair Carlton said if the Committees did not approve the motion, the alternative would be a worse scenario for the counties.

Assemblywoman Titus disagreed and thought the Committees could make a better motion to delay the matter until more accurate information about the true effect was provided. She understood that the Fiscal Analysis Division staff might be unable to true up the numbers, but she was uncomfortable with what was provided.

Assemblywoman Benitez-Thompson said the decision of the Committees was in the spirit of trying to address a legitimate problem that materialized quickly with the time constraints. The Committees used the best thinking to develop a solution that would be most helpful to the counties. The motion should be supported because it helped a number of counties and made sense for all of the Legislators who represented counties that would benefit from the motion.

Senator Settelmeyer said he did not want the enemy of the perfect to be the good, and he would support the motion.

There being no further questions or comments, Chair Carlton called for the vote.

> THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said the Division of Health Care Financing and Policy had administrative authority, established policy, and made payments for services for the waiver programs. The Aging and Disability Services Division incurred the personnel and operating costs associated with overseeing and operating the waiver programs. Fiscal staff recommended technical adjustments to allocate a portion of the increase in waiver slots to County Reimbursements to align with the financial responsibility of the counties to support the New population, as discussed in major closing issue 5. Fiscal staff recommended the Committees approve home and community-based waiver slot increases for the Intellectual Disabilities and Related Conditions, Frail Elderly, and Persons with Physical Disabilities waivers, consistent with its previous actions in closing the Aging and Disability Services Division budgets on May 13, 2019. If the Committees wished to not require the counties to pay for increases in caseload slots in FY 2020, the Committees could approve a technical adjustment to allocate a portion of the waiver slot increases to the counties beginning in FY 2021 only, and that would be an increase of county reimbursements of $4.9 million and a decrease in General Fund of the same amount.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE HOME AND COMMUNITY-BASED WAIVER SLOT INCREASES FOR THE INTELLECTUAL DISABILITIES AND RELATED CONDITIONS, FRAIL ELDERLY, AND PERSONS WITH PHYSICAL DISABILITIES WAIVERS; CONSISTENT WITH ITS PREVIOUS ACTIONS IN CLOSING THE AGING AND DISABILITY SERVICES DIVISION BUDGETS ON MAY 13, 2019. SENATOR WOODHOUSE FURTHER MOVED TO NOT REQUIRE THE COUNTIES TO PAY FOR INCREASES IN CASELOAD SLOTS IN FISCAL YEAR (FY) 2020, AND TO APPROVE A TECHNICAL ADJUSTMENT TO ALLOCATE A PORTION OF THE INCREASE IN WAIVER SLOTS TO THE COUNTIES FOR THE NEW POPULATION, CONSISTENT WITH THE MEHTODOLOGY OUTLINED IN DECISION UNIT E-248, REDUCING GENERAL FUND BEGINNING IN FY 2021 ONLY, RESULTING IN AN INCREASE OF COUNTY REIMBURSEMENTS OF $4.9 MILLION AND A DECREASE IN GENERAL FUND OF THE SAME AMOUNT.

> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

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

Ms. Crocket said the next major closing issue related to drug rebates. The Division received drug rebates from participating drug manufacturers under a federal program that helped to offset the costs of outpatient prescription drugs. Rebates received were split between the state and the federal government based on the FMAP rates. The state portion served as an offset to General Fund appropriations required to support the 2021 FMAP decrease, including drug rebate revenues as an offset to expenditures in the Offline category. The recommended budget for the 2019-2021 biennium included drug rebates of $330.9 million ($85.1 million of General Fund offset) in FY 2020 and $331.4 million ($88.4 million of General Fund offset) in FY 2021.

Ms. Crocket noted that the agency had not used a consistent methodology for projecting drug rebates, and actual rebates had varied materially from projected amounts. For example, in FY 2018, drug rebates associated with the standard FMAP rate were legislatively approved at $167.3 million, ($56.7 million of General Fund offset), while actual FY 2018 drug rebates were $210 million ($72.5 million of General Fund offset). In comparison, FY 2018 legislatively approved General Fund revenues were $655 million, meaning that the General Fund offset a portion of drug rebate revenues ($72.5 million) and provided approximately 10 percent of the state share of expenditures for the budget in FY 2018. Considering the magnitude and variability of drug rebates, the Committees might wish to consider a letter of intent directing the agency to evaluate its methods of projecting drug rebates as well as a means of increasing the transparency of drug rebates.

Ms. Crocket asked whether the Committees wished to issue a letter of intent directing the agency to submit a report on an evaluation of methods of projecting and increasing transparency for drug rebate revenue to the Interim Finance Committee by June 30, 2020.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE ISSUING A LETTER OF INTENT DIRECTING THE AGENCY TO SUBMIT A REPORT ON AN EVALUATION OF METHODS OF PROJECTING AND INCREASING TRANSPARENCY FOR DRUG REBATE REVENUE TO THE INTERIM FINANCE COMMITTEE BY JUNE 30, 2020.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

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

Ms. Crocket said other closing item 1 was approved by the Committees during the closing motion for the Intergovernmental Transfer Program, budget account 3157, and the Fiscal Analysis Division staff recommended that item be approved. Other closing item 2 for the preferred drug list in decision unit E-243 was contingent upon passage and approval of Assembly Bill (A.B.) 528, and the decision unit was to be removed if enabling legislation was passed. In consideration of the introduction of A.B. 528, the Fiscal Analysis Division staff removed decision unit E-243 from the budget. Other closing item 3 was the companion to a decision unit that was approved in the Administration budget account 3158. Other closing item 4 was a companion to a decision unit approved in the Division of Child and Family Services (DCFS), Department of Health and Human Services budgets. Other closing item 5 contained the $2 million for the 8-cent county reimbursement cap funding that was previously mentioned. Other closing item 6 was approved in closing the Aging and Disability Services Division (ADSD) budgets.

Ms. Crocket asked whether the Committees wished to approve other closing item 1 consistent with the Committees' action in closing the Intergovernmental Transfer Account, authorize technical adjustments to other closing item 2 based on enabling legislation, other closing item 3 be approved consistent with the Committees' action in the Administration budget with the noted technical adjustment, other closing item 4 be approved consistent with actions in closing the DCFS budgets, other closing item 5 be approved with the noted technical adjustments, and other closing item 6 be approved consistent with actions in closing the ADSD budgets with the noted technical adjustment. Fiscal staff also requested authority to make further necessary technical adjustments to the budget.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE OTHER CLOSING ITEM 1 IN BUDGET ACCOUNT (BA) 3243, CONSISTENT WITH THE COMMITTEES' ACTION IN CLOSING THE INTERGOVERNMENTAL TRANSFER PROGRAM BA 3157; AUTHORIZE TECHNICAL ADJUSTMENTS TO OTHER CLOSING ITEM 2 BASED ON ENABLING LEGISLATION; APPROVE OTHER CLOSING ITEM 3, CONSISTENT WITH THE COMMITTEES' ACTION IN THE ADMINISTRATION BA 3158 WITH THE NOTED TECHNICAL ADJUSTMENT; APPROVE OTHER CLOSING ITEM 4, CONSISTENT WITH ACTIONS IN CLOSING THE DIVISION OF CHILD AND FAMILY SERVICES BUDGETS; APPROVE OTHER CLOSING ITEM 5 WITH THE NOTED TECHNICAL ADJUSTMENTS; APPROVE OTHER CLOSING ITEM 6, CONSISTENT WITH ACTIONS IN CLOSING THE AGING AND DISABILITY SERVICES DIVISION BUDGETS, WITH THE NOTED TECHNICAL ADJUSTMENT; AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING & POLICY
HHS-HCF&P - NEVADA CHECK UP PROGRAM (101-3178)
BUDGET PAGE DHHS-DHCFP-30

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau said budget account (BA) 3178 funded the Nevada Check Up program. There were three major closing issues.

1. Nevada Check Up caseload.
2. Provider reimbursement rate increases.
3. Federal Medical Assistance Percentage rate.

The first major closing issue related to the Nevada Check Up caseload in the base budget and decision unit Maintenance (M) 200. The Governor recommended increasing the Check Up caseload from the actual fiscal year (FY) 2018 average monthly caseload of 27,300 to 29,781 in FY 2020 and 30,156 in FY 2021 with additional funding totaling $2.2 million ($122,705 of General Fund appropriations) in FY 2020 and $3 million ($509,219 of General Fund appropriations) in FY 2021.

Ms. Crocket noted that as in past legislative sessions, the Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services, reprojected caseload based on actual caseload and costs through February 2019. Fiscal staff asked the agency to provide updated caseload projections in May 2019 based on actual caseloads through March 2019 and costs through April 2019. The caseload projections provided by DHCFP in May 2019 were 4 percent higher in each fiscal year than recommended in The Executive Budget, as shown in the following table.

Check-Up Average Monthly Caseload, FY 2018 Actual, FY 2019-FY 2021 Projected *				
	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Governor Recommends	27,300	28,632	29,781	30,156
Annual Increase (%)		4.9%	4.0%	1.3%
Updated April 2019	27,300	29,134	30,966	31,351
Annual Increase (%)		6.7%	6.3%	1.2%
Variance from Governor Recommends	-	502	1,185	1,195
% Variance	-	1.8%	4.0%	4.0%

*The narrative in The Executive Budget is based on fiscal year-end caseload. This table reflects the average monthly caseload for entire fiscal years.

The budget was similar to the Medicaid BA 3243 in that a base budget adjustment was required to account for the revised budget construction methodology. The following table displayed the General Fund appropriations included in the Governor's recommended budget and the updated May 2019 caseload projections for the base budget and the M-200 decision unit.

General Fund Appropriations, Check Up Budget Governor Recommends and May 2019 Reprojection						
	FY 2020			FY 2021		
	Gov. Rec	Revised	Increase	Gov. Rec	Revised	Increase
Base Budget	$ 2,504,989	$ 5,275,521	$ 2,770,532	$ 8,102,339	$ 11,297,634	$ 3,195,295
Caseload M-200	$ 122,705	$ 84,802	$ (37,903)	$ 509,219	$ 429,642	$ (79,577)
Totals	**$ 2,627,694**	**$ 5,360,323**	**$ 2,732,629**	**$ 8,611,558**	**$ 11,727,276**	**$ 3,115,718**

The total would result in combined increases in the base budget and in decision unit Maintenance (M) 200 of $2,732,629 in FY 2020 and $3,115,718 in FY 2021.

Ms. Crocket asked whether the Committees wished to approve the updated average monthly Check Up caseload of 30,966 in FY 2020 and 31,351 in FY 2021, funded by $3.6 million ($84,802 of General Fund appropriations) in FY 2020 and $4.5 million ($429,642 of General Fund appropriations) in FY 2021 in decision unit M-200 and a technical adjustment to correct various calculations and to increase the base budget to align with FY 2019 caseload projections requiring additional General Fund appropriations of $2.8 million in FY 2020 and $3.2 million in FY 2021.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE THE UPDATED AVERAGE MONTHLY CHECK UP CASELOAD OF 30,966 IN FY 2020 AND 31,351 IN FY 2021, FUNDED BY $3.6 MILLION ($84,802 OF GENERAL FUND APPROPRIATIONS) IN FY 2020 AND $4.5 MILLION ($429,642 OF

GENERAL FUND APPROPRIATIONS) IN FY 2021 IN DECISION UNIT M-200 AND A TECHNICAL ADJUSTMENT TO CORRECT VARIOUS CALCULATIONS AND TO INCREASE THE BASE BUDGET TO ALIGN WITH FY 2019 CASELOAD PROJECTIONS REQUIRING ADDITIONAL GENERAL FUND APPROPRIATIONS OF $2.8 MILLION IN FY 2020 AND $3.2 MILLION IN FY 2021.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Ms. Crocket said the next major closing issue was provider reimbursement rate increases in decision units Maintenance (M) 101, Enhancement (E) 230, and E-242. The Governor recommended increased costs resulting from mandatory and discretionary medical service reimbursement rate increases. Additional funding totaling $5.3 million ($966,697 of General Fund appropriations) was recommended over the 2019-2021 biennium to support the increases. The recommended rate increases aligned Check Up provider reimbursement rates with provider rates recommended in the Medicaid budget. The discretionary rate increases were in decision units E-230 and E-242. The Governor recommended increasing the reimbursement rates for Neonatal Intensive Care Unit services by 25 percent effective January 1, 2020, which required additional funding totaling $233,816 ($42,559 of General Fund appropriations) over the 2019-2021 biennium. To support a 15 percent increase for Pediatric Intensive Care Unit services effective January 1, 2020, the Governor recommended additional funding totaling $9,966 ($1,814 of General Fund appropriations) over the upcoming biennium.

Ms. Crocket asked whether the Committees wished to approve Check Up provider rate increases consistent with its actions in closing the Medicaid budget.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE CHECK UP PROVIDER RATE INCREASES IN BUDGET ACCOUNT 3178 CONSISTENT WITH ITS ACTIONS IN CLOSING THE MEDICAID BUDGET ACCOUNT 3243.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Ms. Crocket explained that the next major closing issue was the Federal Medical Assistance Percentage (FMAP) rate. As discussed in the closing document for the Medicaid budget, the Federal Funds Information for States (FFIS) released an issue brief on March 27, 2019, that indicated that the enhanced Check Up FMAP rate for FY 2021 was projected to be lower than the rate included in the Governor's recommended budget. Based on the information provided by FFIS, the FY 2021 blended enhanced Check Up FMAP rate was projected to be 77.49 percent, or 0.62 percentage points lower in FY 2021 than the FMAP rate included in the Governor's recommended budget. Fiscal staff estimated the decrease in the projected FY 2021 enhanced Check Up FMAP rate created a General Fund shortfall of $359,384 inclusive of all decision units in the budget. The General Fund amounts noted for FY 2021 in major closing issue 1 were inclusive of the FMAP rate decrease.

Ms. Crocket asked whether the Committees wished to approve the revised Federal Medical Assistance Percentage rate that would require additional General Fund appropriations of $359,384 in FY 2021.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE THE REVISED FEDERAL MEDICAL ASSISTANCE PERCENTAGE RATE THAT WOULD REQUIRE ADDITIONAL GENERAL FUND APPROPRIATIONS OF $359,384 IN FISCAL YEAR 2021 IN BUDGET ACCOUNT 3178.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket said there were no other closing items. Fiscal staff requested authority to make further technical adjustments to the budget as necessary.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 3178.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)
>
> BUDGET CLOSED.

* * * * *

HEALTH AND HUMAN SERVICES
HEALTH AND HUMAN SERVICES - DIRECTOR'S OFFICE
HHS-DO - UPL HOLDING ACCOUNT (101-3260)
BUDGET PAGE DHHS-DIRECTOR-20

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 3260 funded the Upper Payment Limit (UPL) Holding Account. The UPL Holding Account was authorized for the 2017-2019 biennium pursuant to Section 57 of Assembly Bill 518 of the 79th Session (2017) (Appropriations Act) to allow various divisions within the Department of Health and Human Services (DHHS) to transfer savings associated with healthcare-related contract expenditures that were budgeted but not incurred to the budget in the Director's Office. When needed, funds were transferred to the Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services, to support the state share of the Private Hospital Collaborative (PHC) Upper Payment Limit (UPL) supplemental payment program. Excess funding reverted to the General Fund. There was one major closing issue related to the continuation of the UPL holding account in the base budget and decision unit Enhancement (E) 225. The Governor recommended continuing the UPL Holding Account in the 2019-2021 biennium. The agency anticipated a nonprofit organization would provide certain contracted health-related services to state clients at no cost to the state in the upcoming biennium, as opposed to the state paying contractors from various DHHS budgets for those services. Because the nonprofit organization would provide those services, savings would be generated in various DHHS budgets that would be transferred to BA 3260. In the 2019-2021 biennium, The Executive Budget recommended transferring $13.8 million in each year of the upcoming biennium to this budget from various DHHS budgets resulting from savings associated with a nonprofit providing services rather than the state.

The following table summarized the contract services in DHHS division budgets that the agency indicated would be provided to state clients by the nonprofit organization at no cost to the state in the 2019-2021 biennium, adjusted for an updated contract amount in the Aging and Disability Services Division Senior Rx and Disability Rx budget, along with the actual amounts transferred in FY 2018.

Contracted Services to be Provided by a Nonprofit Organization in the 2019-21 Biennium				
		Actual	Projected	
Budgets	**Service**	**FY 2018**	**FY 2020**	**FY 2021**
ADSD - Home and Community Based Services	Autism Treatment Assistance Program	$ 825,000	$ -	$ -
ADSD - Senior & Disability Rx *	Senior & Disability Rx	$ -	$ 928,611	$ 915,059
DCFS - Rural Child Welfare; NNCAS	Mental health placements	$ 240,750	$ 228,750	$ 228,750
DCFS - Youth Parole Services	Transitional community re-entry	$ 278,130	$ 278,130	$ 278,130
DO - Grants Management Unit	Hunger one-stop	$ 1,326,475	$ 2,000,000	$ 2,000,000
DO - Grants Management Unit	Positive Behavior Support	$ 195,195	$ 320,000	$ 320,000
DO - Grants Management Unit	Independent Living	$ 304,710	$ 494,027	$ 494,027
DPBH - Administration	Mobile mammography	$ 100,000	$ 100,000	$ 100,000
DPBH - Chronic Disease	Tobacco cessation	$ -	$ 101,812	$ 101,812
DPBH - MCH Services	Suicide hotline	$ 100,000	$ 100,000	$ 100,000
DPBH - Rural Clinics	Child and adolescent telemedicine	$ -	$ 41,786	$ 41,786
DPBH - Rural Clinics	Intervention hotline	$ 40,000	$ 42,000	$ 42,000
DPBH - SNAMHS	Mobile x-ray services	$ 51,214	$ 55,000	$ 55,000
DPBH - SNAMHS	Pharmacy benefits	$ 50,000	$ 100,000	$ 100,000
DPBH - SNAMHS	Primary care services	$ -	$ 750,000	$ 750,000
DPBH - SNAMHS	Residential services - co-occurring disorders	$ 1,079,295	$ 1,200,000	$ 1,200,000
DPBH - SNAMHS; NNAMHS; Lake's Crossing	Psychiatric services	$ 1,912,352	$ 6,089,000	$ 6,139,927
DPBH - NNAMHS; SNAMHS; Rural Clinics	Pharmacy benefits manager	$ 105,008	$ 125,000	$ 125,000
DPBH - SNAMHS; NNAMHS	Community triage	$ 1,166,666	$ 766,666	$ 766,666
Total		**$ 7,774,795**	**$ 13,720,782**	**$ 13,758,157**
* Adjusted amount based on approved contract amount in ADSD budget.				

Ms. Crocket noted that as shown in the above table, contract services provided by a nonprofit organization were projected to increase by 76.5 percent in FY 2020 and 77 percent in FY 2021 from the actual FY 2018 amount of $7.8 million to $13.7 million in FY 2020 and $13.8 million in FY 2021. Decision unit E-225 would enhance tracking and transparency. The Governor recommended establishing a category to revert excess tobacco settlement funding of $1.1 million per year in the 2019-2021 biennium to the Fund for a Healthy Nevada to collect all tobacco settlement funds associated with the PHC UPL supplemental payment program.

Currently, the Department retained tobacco settlement funds beyond the amount required to provide the state share of supplemental payments in the various originating budgets and reverted the remaining tobacco funds at the end of the fiscal year directly from those budgets. Although decision unit Enhancement (E) 225 included a reduction to the Reserve for Reversion to the General Fund, the reversion to the General Fund would not actually be reduced in the upcoming biennium because tobacco settlement funding had to revert to the

Fund for a Health Nevada rather than the General Fund in accordance with *Nevada Revised Statutes* (NRS) 439.620.

Ms. Crocket said statutory authority for the UPL Holding Account was needed. The UPL Holding Account was originally established by the 2013 Legislature for the 2013-2015 biennium through the approval of Assembly Bill 507 of the 77th Session (2013) (2013 Appropriations Act) and subsequently reauthorized for the 2015-2017 and 2017-2019 biennia through the approval of Senate Bill 514 of the 78th Session (2015) (2015 Appropriations Act) and Assembly Bill 518 of the 79th Session (2017) (2017 Appropriations Act). The UPL Holding Account would need to be reauthorized for the 2019-2021 biennium through language in the 2019 Appropriations Act, and the Governor recommended language to continue the budget in the upcoming biennium.

Ms. Crocket asked whether the Committees wished to approve the UPL Holding Account as recommended by the Governor with the noted technical adjustments, approve back language in the 2019 Appropriations Act to authorize the continuation of the account in the 2019-2021 biennium, and provide Fiscal staff with authority for further technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE UPPER PAYMENT LIMIT HOLDING ACCOUNT BUDGET ACCOUNT 3260 AS RECOMMENDED BY THE GOVERNOR WITH THE NOTED TECHNICAL ADJUSTMENTS, APPROVE BACK LANGUAGE IN THE 2019 APPROPRIATIONS ACT TO AUTHORIZE THE CONTINUATION OF BUDGET ACCOUNT 3260 IN THE 2019-2021 BIENNIUM, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)
>
> BUDGET CLOSED.

* * * * *

HEALTH AND HUMAN SERVICES
HEALTH AND HUMAN SERVICES - DIRECTOR'S OFFICE
HHS-DID - INDIGENT HOSPITAL CARE (628-3244)
BUDGET PAGE DHHS-DIRECTOR-44

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 3244 funded the Indigent Hospital Care budget. The Indigent Hospital Care budget, previously known as the Indigent Supplemental budget, was established to reimburse hospitals for care provided to indigent persons. The Indigent Hospital Care budget consisted of the Fund for Hospital Care to Indigent Persons (Fund) that was administered by a board of trustees that consisted of four county commissioners and one director of a county social services agency appointed by the Governor. In addition, the board may enter into an agreement with the Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services, to transfer funding from the Fund to the DHCFP to provide the state share of certain supplemental payment programs or to satisfy any portion of a county's obligation to pay the state share of certain Medicaid expenditures related to long-term care. The budget was primarily funded through a property tax levy of 1.5 cents on each $100 of assessed valuation, unmet hospital indigent free care obligation assessments, and interest earned on money deposited to the Fund. The one major closing issue related to the transfer of funding to the DHCFP. The recommended reserve exceeded the agency's targeted reserve of $21.5 million by $3.2 million in FY 2020 and $4.2 million in FY 2021. The Division indicated it would work with the board of trustees to determine whether excess reserve funding should be used to offset county obligations to support the Medicaid County Match population, to increase supplemental payments, or for unpaid hospital charges. The agency indicated it would submit work program requests for consideration by the Interim Finance Committee to use the reserve funds as uses were identified in the 2019-2021 biennium.

Ms. Crocket said Fiscal staff recommended approval of the budget as recommended by the Governor with authority to make technical adjustments as necessary.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE BUDGET ACCOUNT 3244 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

BUDGET CLOSED.

* * * * *

Chair Carlton said the next item on the agenda was the report on the statewide decision units in The Executive Budget.

STATEWIDE DECISION UNITS
2019-2021 EXECUTIVE BUDGET

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the statewide decision units would affect the state agency budgets. The first decision unit was Maintenance (M) 100.

M-100 STATEWIDE INFLATION

The majority of the budgets contained in The Executive Budget included decision unit Maintenance (M) 100 to adjust expenditures for the revised costs of internal services. The M-100 decision unit recognized rate changes and modifications to cost allocations and assessments. Ms. Day presented the following information that discussed the adjustments proposed to the various rates and assessments and the Governor's associated funding recommendations:

PERSONNEL ASSESSMENT (GENERAL LEDGER [GL] 5400): The Personnel Assessment represented an allocation to state agencies of the costs for recruitment, examination, classification, compensation, and training functions of the Division of Human Resource Management, Department of Administration. The Executive Budget recommended per-full-time-equivalent (FTE) amounts of $265.22 in fiscal year (FY) 2020, a decrease from $265.69 approved by the Legislature during the 79th Session (2017) for FY 2019, and increased to $268.95 in FY 2021. The M-100 decision unit resulted in a statewide decrease in Personnel Assessments of $9,927 in FY 2020, and an increase of $68,775 in FY 2021.

PAYROLL ASSESSMENT (GL 5700): The Payroll Assessment was an allocation to state agencies of the costs for central payroll functions of the Division of Human Resource Management. The Executive Budget recommended per-FTE amounts of $89.17 in FY 2020 and $88.34 in FY 2021. For comparison, the Payroll Assessments approved by the Legislature during the 79th Session (2017) were $79.69 for FY 2018 and $83.04 for FY 2019. The M-100 decision unit resulted in statewide increases in Payroll Assessments of $118,771 in FY 2020 and $102,537 in FY 2021.

MONTHLY VEHICLE RENTAL IN-STATE (GL 6211): The Fleet Services Division, Department of Administration, charged agencies on a monthly rental basis. Decision Unit M-100 included statewide increases to monthly Fleet Services rentals of $2.2 million in

FY 2020 and $2.6 million in FY 2021 for all funding sources. The statewide increase in monthly Fleet Services rental rates was largely the result of the rates established for the 2017-2019 biennium that were set at rates lower than needed to recover expenditures and to address growing agency reserves at the time. The table below detailed the changes recommended in The Executive Budget.

	Budgeted FY 2019			Governor Recommended FY 2020			Governor Recommended FY 2021			Difference Increase/(Decrease) *		
Description	Per Month	Per Day	Per Mile	Per Month	Per Day	Per Mile	Per Month	Per Day	Per Mile	Per Month	Per Day	Per Mile
Compact Vehicle Rental	$188.26	$26.07	$0.13	$219.85	$37.34	$0.17	$240.75	$37.34	$0.17	$ 52.49	$11.27	$0.04
Intermediate Vehicle Rental	$198.10	$26.63	$0.13	$242.65	$38.84	$0.18	$266.80	$38.84	$0.18	$ 68.70	$12.21	$0.05
Premium Vehicle Rental	$224.16	$27.67	$0.16	$376.40	$41.38	$0.19	$413.45	$41.38	$0.19	$189.29	$13.71	$0.03
Specialty Vehicle Rental	$243.47	$28.57	$0.18	$451.30	$43.32	$0.20	$496.50	$43.32	$0.20	$253.03	$14.75	$0.02
Law Enforcement Rental	New	New	New	$408.45	n/a	$0.19	$449.45	n/a	$0.19	n/a	n/a	n/a

* The difference shown is between the rates approved for FY 2019 and the rates recommended in FY 2021.

The per mile rates for FY 2020 and FY 2021 were recommended by the Governor to return to the same levels as were legislatively approved for FY 2016 and FY 2017, between 17 and 20 cents per mile based on the vehicle class. Fiscal staff recommended a technical adjustment to increase the per-mile rate for each vehicle class for monthly and daily rentals by 2 cents per mile, based on updated agency fuel cost projections derived from the U.S. Energy Information Administration data. The recommended increase would adjust the per-mile rate in each year of the biennium from between 17 and 20 cents as recommended by the Governor to between 19 and 22 cents. Additional revenue of $215,682 per year was estimated as a result of the recommended mileage rate increase.

EMPLOYEE BOND (GL 7050): The Employee Bond assessment provided for loss caused by any fraudulent or dishonest act committed by an employee. The statewide increase in the employee bond assessment was $57,879 in FY 2020 and $40,319 in FY 2021 from all funding sources. The increase in the employee bond assessment was the result of an increase in the per-employee per-year assessment rate from $1.50 in FY 2019 to $3.68 in FY 2020 and $3.02 in FY 2021.

PROPERTY AND CONTENTS INSURANCE (GL 7051, 705A and 705B): The Property and Contents Insurance assessment reflected payments to the Risk Management Division to insure state buildings and equipment. The Governor recommended a statewide increase of $49,894 in FY 2020 and $33,284 in FY 2021. The increases resulted from an increase in the rate charged to state agencies from $0.0011 per dollar insured in the 2017-2019 biennium to the recommended rate of $0.00113 per dollar insured for FY 2020 and $0.00112 per dollar insured for FY 2021. In addition, the building value per square foot was recommended to increase from $117.28 per square foot for the 2017-2019 biennium to $143.79 per square foot in each fiscal year of the 2019-2021 biennium, and the content value per square foot was recommended to increase from $10.57 per square foot for the 2017-2019 biennium to $11.51 per square foot in each fiscal year of the 2019-2021 biennium.

VEHICLE COMPREHENSIVE/COLLISION INSURANCE (GL 7052): The Risk Management Division charged state agencies for the provision of comprehensive and collision vehicle insurance based on the number of vehicles assigned to the agency. The Governor proposed statewide increases of $403,965 in FY 2020 and $416,700 in FY 2021 from all funding sources. The statewide increase in Vehicle Comprehensive and Collision Insurance resulted from an increase in the amounts charged from $49.96 per vehicle, per year in FY 2019 to $139.04 and $142.60 per vehicle, per year in FY 2020 and FY 2021, respectively.

VEHICLE LIABILITY (GL 7059): The Office of the Attorney General charged state agencies for the provision of vehicle liability insurance based on the number of vehicles assigned to the agency. The Governor proposed statewide decreases of revenue of $207,535 in FY 2020 and $204,600 in FY 2021 from all funding sources. The statewide decrease in Vehicle Liability Insurance resulted from a decrease in cost from $221.38 per vehicle, per year in both years of the 2017-2019 biennium to $187.65 per vehicle per year in each year of the upcoming biennium. According to the Office of Finance, Office of the Governor, the decrease was because actual claims were less than projected by the actuary resulting in higher reserves and an increase in the number of insured vehicles.

AG TORT CLAIM ASSESSMENT (GL 7054): The AG Tort Claim Assessment provided self-insurance for general liability claims (torts). The statewide decrease in the tort claim assessments was $303,676 in FY 2020 and $307,308 in FY 2021 for all funding sources. The statewide decrease in the AG Tort Claim resulted from a reduction in the per-employee per-year assessment rate from $97.07 in FY 2019 to $85.63 in FY 2020 and $85.48 in FY 2021.

STATE-OWNED BUILDING RENT (GL 7100): Agencies that resided in state-owned facilities managed by the Buildings and Grounds (B&G) Section, State Public Works Division, Department of Administration, were required to pay rent. The Governor proposed to increase the charge per square foot, per month from $1.044 in FY 2019 to $1.122 in FY 2020. The proposed rate increased to $1.148 per square foot, per month in FY 2021. The recommended rates resulted in statewide increases totaling $1 million in FY 2020 and $1.4 million in FY 2021 over the FY 2019 legislatively approved state office rental charges. However, Fiscal staff noted that in reviewing the state-owned building rent expenditures statewide, agencies were budgeted to pay $33.4 million over the 2019-2021 biennium or 4.2 percent more than the budgeted revenues in the B&G budget. Based on Fiscal staff calculations, it was recommended that the state-owned building rental rate be revised to $1.071 in FY 2020, a $0.051 per square foot per month reduction, and $1.098 in FY 2021, a $0.05 per square foot per month reduction compared to the rates recommended by the Governor. Overall, the reduced rental rate would result in reductions of $1.3 million over the 2019-2021 biennium for B&G rental rate charges to agencies throughout the state to align the budgeted rental expenditures of agencies with what B&G was budgeted to collect in revenue.

BUILDINGS AND GROUNDS LEASE ASSESSMENT (GL 7255): The Buildings and Grounds (B&G) Lease Assessment was charged to agencies that resided in nonstate-owned space to support the Leasing Section of the State Public Works Division. The Executive Budget proposed a rate reduction from $0.0205 in FY 2019 to $0.01 for each fiscal year of the 2019-2021 biennium. The B&G Lease Assessment for FY 2019 generated $542,847 and was projected to generate $279,602 in FY 2020 and $274,622 in FY 2021.

PURCHASING ASSESSMENT (GL 7393): The Purchasing Assessment represented an allocation of effort for services provided by the Purchasing Division, Department of Administration, to state agencies. The allocation was composed of three cost pools including Commodities Purchasing, Services Purchasing, and Master Services Agreement Contract Processing. The allocation was calculated using a four-year moving average. The Governor's budget recommended that Purchasing Assessment revenues of $1.5 million in FY 2020 and $2.5 million in FY 2021 would be collected from the contributing agencies; however, the Purchasing Division budget account reflected Purchasing Assessment revenue of $1.8 million in FY 2020 and $2.7 million in FY 2021. Fiscal staff had confirmed with the Office of Finance, Office of the Governor that the Purchasing Assessment revenues reflected in the contributing agencies' budgets were the appropriate amounts, and the Purchasing Division budget's revenue should be adjusted to reflect commensurate amounts.

STATEWIDE COST-ALLOCATION PLAN (SWCAP – GL 7384): The Statewide Cost-Allocation plan (SWCAP) was used to recover an equitable share of central service costs, such as budgeting, accounting, and auditing, from federal funds and other funds. Agencies that provided those centralized services, such as the Office of Finance, Office of Governor, the Office of the State Controller, and the Office of the State Treasurer, were supported by General Fund appropriations. The SWCAP was used as a mechanism to recover costs from non-General Fund sources, and agencies that used those centralized services were included in the SWCAP allocation. Budgets supported entirely or partially by non-General Fund sources were subject to SWCAP assessments. The SWCAP was projected to recover $10.3 million in FY 2020 and $10.9 million in FY 2021 that was a reduction of $490,573 when compared to the amounts included The Executive Budget.

ATTORNEY GENERAL COST-ALLOCATION PLAN (AGCAP – GL 7391): The Office of the Attorney General (OAG) employed a cost-allocation plan to recover the costs of providing legal services to state agencies. The plan distributed budgeted OAG costs based upon actual costs and legal service hours provided in prior years. The cost-allocation plan adjusted annually to account for the difference between the amount each user agency should have been charged and the actual user charges. The difference, or "carry-forward" amount, was added to the allocated amount for the budget year to determine the total allocation for that budget year. The OAG computed the carry-forward adjustment on a three-year cycle. The Governor's proposed decision unit M-100 adjustments included statewide increases that totaled $1.8 million in FY 2020 and $3.8 million in FY 2021.

Ms. Day asked whether the Committees wished to approve the adjustments proposed to the various rates and assessments as included in the M-100 Statewide Inflation decision unit, as adjusted for the changes to the B&G Office Rental Rates, B&G Lease Assessment, Vehicle Rental Rates (including adjustments to the per-mile rate), Payroll and Personnel Assessments, and the Purchasing Assessment cost allocations as noted, and provide staff with the authority to make other technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE ADJUSTMENTS PROPOSED TO THE VARIOUS RATES AND ASSESSMENTS AS INCLUDED IN THE MAINTENANCE 100 STATEWIDE INFLATION DECISION UNIT, AS ADJUSTED FOR THE CHANGES TO THE BUILDINGS AND GROUNDS OFFICE RENTAL RATES, BUILDINGS AND GROUNDS SECTION LEASE ASSESSMENT, VEHICLE RENTAL RATES (INCLUDING ADJUSTMENTS TO THE PER-MILE RATE), PAYROLL AND PERSONNEL ASSESSMENTS, AND THE PURCHASING ASSESSMENT COST ALLOCATIONS AS NOTED, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

M-106 EITS COST POOLS AND RATES

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that decision unit Maintenance (M) 106 related to the Division of Enterprise Information Technology Services (EITS), Department of Administration, cost pools and rates. In decision unit M-106, the Governor recommended (EITS) continue transitioning to the Office 365 cloud platform for email and various other Microsoft productivity tools such as Word, Excel, One Drive, Skype, SharePoint, and others. The EITS intended to combine cloud email and business productivity tools into one new service entitled Business Productivity Suite and eliminate the email service. The decision unit would remove email license costs from agency budgets and fund costs associated with email and business productivity tools in EITS' Computer Facility budget through the Business Productivity Suite rate. <u>The Executive Budget</u> recommended total funding of $3.7 million ($1.6 million of General Funds) in fiscal year (FY) 2020 and $3.9 million ($1.6 million of General Funds) in FY 2021 to support the decision unit.

Related to decision unit M-106 was a recommended $2.7 million one-shot General Fund appropriation in FY 2019 to EITS to be repaid in four annual installments for the adoption of an enterprise cloud email and business productivity application. The repayments would be funded with Business Productivity Suite revenue beginning in FY 2022. The one-shot funding would allow for a $1.7 million payment to Microsoft in July 2019. Ms. Day noted that with the payment due in July 2019, EITS would need the one-shot funding to pay the contract because there would be insufficient revenue generated from the Business Productivity Suite service at that time. In addition, $400,000 was allocated for a technical support consulting service to allow for approximately five engagements with Microsoft for any technical issues that arose, and $550,000 would be used to cover a projected FY 2019 shortfall in funding associated with EITS' current email service. On May 13, 2019, EITS informed the Fiscal Analysis Division staff that, based on updated revenue projections, the $550,000 could be removed from the one-shot appropriation. Technical adjustments were needed to align final agency demand with the EITS' projected revenue need.

Ms. Day asked whether the Committees wished to approve the replacement of EITS' email service with the Business Productivity Suite service that included email and various business productivity tools, such as Word, Excel, Skype, SharePoint, and other products to continue the state's transition to the Office 365 cloud platform, contingent on approval of the one-shot appropriation requested in Assembly Bill 512. Staff requested authority to make technical adjustments as needed.

There being no questions or comments, Chair Carlton called for a motion.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE REPLACEMENT OF THE DIVISION OF ENTERPRISE INFORMATION TECHNOLOGY SERVICES EMAIL SERVICE WITH THE BUSINESS PRODUCTIVITY SUITE SERVICE THAT INCLUDED EMAIL AND VARIOUS BUSINESS PRODUCTIVITY TOOLS, SUCH AS WORD, EXCEL, SKYPE, SHAREPOINT, AND OTHER PRODUCTS, TO CONTINUE THE STATE'S TRANSITION TO THE OFFICE 365 CLOUD PLATFORM, CONTINGENT ON APPROVAL OF THE ONE-SHOT APPROPRIATION REQUESTED IN ASSEMBLY BILL 512, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

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

ENTERPRISE INFORMATION TECHNOLOGY SERVICES ASSESSMENTS AND RATES (VARIOUS GLs)

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that a cost pool was a cost allocation to customers based on the total cost of providing a service. The email service cost pool would be replaced with the Business Productivity Suite service, as discussed previously. The Governor recommended eliminating the Storage Backup cost pool and rate that was a new service provided in the 2017-2019 biennium, because of low usage. Included in the cost pools were the Division of Enterprise Information Technology Services (EITS), Department of Administration's two assessments, the Infrastructure Assessment and Security Assessment, which were spread over many agencies to support global services that provided statewide benefits, and EITS' two-tiered structure cost pools, Web Services, and SilverNet. Web Services was used by agencies that housed a website or web application on an EITS web server. SilverNet was the state's wide area network that provided Virtual Private Network (VPN) services, dial up, network monitoring, network packet analysis, and internet services. Web Services and SilverNet were charged to agencies based on a bytes-per-month tiered pricing structure.

INFRASTRUCTURE ASSESSMENT (GL 7554): The Infrastructure Assessment funded the EITS global services, such as the help desk, web page development, and centralized servers that routed web traffic. The revenue was distributed over several units within EITS and subsequently passed on to EITS' customers through other EITS rates. The assessment was allocated to state agencies based on the number of full-time-equivalent positions. Not all state agencies participated in the assessment, such as the Nevada System of Higher Education and the Judicial Branch. The Governor recommended increasing the Infrastructure Assessment from $211.57 in FY 2019 to $291.54 in FY 2020 with a reduction to $290.61 in FY 2021.

On March 29, 2019, the agency provided a revision to reduce the Infrastructure Assessment as a result of eliminating certain costs that were improperly accounted for in the initial rate calculations. In addition, during the April 2, 2019, meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance, the agency indicated the remaining increase in the assessment was largely because of a shortfall in the cost pool that had been accumulating over the past four years. The revised rate would allow the cost pool to correct the deficiency and allow for sufficient reserves to accumulate. In addition, the agency noted that contingent upon passage of Assembly Bill 512, it planned to accumulate approximately $111,531 in reserve to begin saving for a General Fund payback of approximately $446,125 that was scheduled for FY 2022. Assembly Bill 512 included a one-shot appropriation for a content management and portal platform totaling $1.8 million, effective upon passage and approval, and EITS intended to repay expenditures from the appropriation in equal increments over a four-year period.

Staff worked with the agency to reconcile the Infrastructure Assessment. As a result of the review, the revised Infrastructure Assessment would be $289.16 in FY 2020 and $288.44 in FY 2021 that was a reduction of $2.38 in FY 2020 and $2.17 in FY 2021 when compared to the assessments recommended by the Governor.

SECURITY ASSESSMENT (GL 7556): Ms. Day explained the Security Assessment was used to establish and administer a State Information Security Program and to support all agencies in developing, applying, and maintaining agency-specific information technology (IT) security programs through establishment of statewide security policies, standards, and procedures. The Security Assessment was charged to state agencies based on the number of full-time-equivalent positions. Similar to the Infrastructure Assessment, not all state agencies participated in the assessment such as the Nevada System of Higher Education and the Judicial Branch. The Governor recommended increasing the Security Assessment from $128.66 in FY 2019 to $133.57 in FY 2020 and then decreasing it to $127.14 in FY 2021. Staff reviewed the Security Assessment and worked with the agency to refine the assessed amount. As a result of the review, the agency indicated it reduced the Security Assessment to $116.17 in FY 2020 and $115.88 in FY 2021.

IDENTIFIED ISSUES WITH EITS COST POOLS AND RATES: To verify EITS' budgeted revenue was reasonably equal to the customers' budgeted costs, staff examined EITS cost pools and found several discrepancies. For example, for Mainframe Services, the Computer Facility budget included $12.2 million in revenue over the 2019-2021 biennium, while state agency budgets included $15.1 million in expenditures for those services, or $2.9 million more than budgeted revenues. Fiscal staff worked with the agency on aligning the rates with agency uses and other adjustments. The following table was the result of a collaborative rate review effort between Fiscal staff and the agency.

UPDATED ENTERPRISE IT SERVICES RATES 2019-21 BIENNIUM					
DESCRIPTION	UNIT OF MEASURE	GOV REC		UPDATED	
		FY 2020	FY 2021	FY 2020	FY 2021
INFRASTRUCTURE ASSESSMENT	PER FTE PER YEAR	$ 291.54	$ 290.61	$ 289.16	$ 288.44
SECURITY ASSESSMENT	PER FTE PER YEAR	$ 133.57	$ 127.14	$ 116.17	$ 115.88
PROGRAMMER / DEVELOPER	PER HOUR	$ 92.69	$ 92.70	$ 115.98	$ 121.85
DATABASE ADMINISTRATOR	PER HOUR	$ 107.58	$ 107.59	$ 103.49	$ 108.78
DATABASE HOSTING	PER GIGABYTE PER MONTH	$ 11.38	$ 11.39	$ 13.04	$ 13.04
BUSINESS PRODUCTIVITY SUITE	PER LICENSE / PER MONTH	$ 46.60	$ 46.60	$ 41.76	$ 41.56
UNIX SUPPORT	PER PARTITION PER YEAR	$ 1,467.18	$ 1,467.18	$ 1,265.66	$ 1,265.66
MAINFRAME SERVICES	PER CPU MINUTE	$ 28.89	$ 28.89	$ 23.87	$ 23.64
PRINT MANAGEMENT	PER 1,000 LINES	$ 0.90	$ 0.90	$ 1.13	$ 1.13
NON-SERVER HOSTING - BASIC	PER SERVER PER MONTH	$ 38.73	$ 38.72	$ 33.66	$ 33.66
SERVER HOSTING - BASIC	PER SERVER PER MONTH	$ 107.93	$ 107.93	$ 106.52	$ 106.52
PHYSICAL SERVER HOSTING	PER SERVER PER MONTH	$ 297.09	$ 297.09	$ 309.91	$ 309.91
VIRTUAL SERVER HOSTING	PER SLICE PER MONTH	$ 57.82	$ 57.82	$ 40.24	$ 40.24
DISK STORAGE	PER GIGABYTE PER MONTH	$ 0.114	$ 0.115	$ 0.132	$ 0.132
E-MAIL SERVICE *	PER ACCOUNT PER MONTH	$ -	$ -	$ -	$ -
PHONE LINE AND VOICEMAIL	PER LINE PER MONTH	$ 11.49	$ 11.49	$ 11.649	$ 11.648
MICROWAVE SITE SPACE RENT	PER RACK PER YEAR	$ 2,110.10	$ 2,110.20	$ 1,883.44	$ 1,883.44
MICROWAVE DS0 CIRCUIT	PER CHANNEL END PER YEAR	$ 1,962.70	$ 1,962.71	$ 1,665.20	$ 1,665.20
MICROWAVE DS1 CIRCUIT	PER CIRCUIT PER MONTH	$ 3,224.59	$ 3,224.59	$ 2,744.93	$ 2,744.93
MICROWAVE ETHERNET TRANSPORT	PER MBPS PIPE SIZE PER MONTH	$ 616.49	$ 616.49	$ 325.20	$ 325.20
NCAS CARD READER	PER CARD READER PER MONTH	$ 16.54	$ 16.49	$ 15.72	$ 15.67

* Service recommended for elimination effective FY 2020.

Ms. Day asked whether the Committees wished to approve the adjustments proposed to the various rates and assessments for the Division of Enterprise Information Technology Services as detailed in the table above. Staff requested authority to make technical adjustments as needed.

There being no questions or comments, Chair Carlton called for a motion.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE ADJUSTMENTS PROPOSED TO THE VARIOUS RATES AND ASSESSMENTS FOR ENTERPRISE INFORMATION TECHNOLOGY SERVICES AS DETAILED IN THE TABLE PROVIDED BY FISCAL STAFF AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

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

M-300 FRINGE BENEFIT RATE ADJUSTMENTS

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the next item related to group insurance rates for active employee and retiree health insurance. Accounts included in The Executive Budget with state positions included decision unit Maintenance (M) 300 to adjust expenditures for the revised costs of the fringe benefits for those employees including group insurance rates. On May 6, 2019, the money committees approved the Active Employee Group Insurance Subsidy (AEGIS) and Retired Employee Group Insurance (REGI) per-participant per-month state contribution amounts for the 2019-2021 biennium in closing the Public Employees' Benefits Program (PEBP) budgets. Inclusive of technical adjustments made after the Committees' closing of the PEBP budgets, the preliminary rates for the 2019-2021 biennium were as follows.

Active Employee Group Insurance (AEGIS)

FY 2020: $760.79
FY 2021: $783.30

Retired Employee Group Insurance (REGI)

FY 2020: $551.77
FY 2021: $478.15

The REGI assessment was charged to state agencies as a percentage of gross employee salaries. The assessments for the upcoming biennium were projected to be 2.81 percent and 2.93 percent for FY 2020 and FY 2021, respectively, and would be finalized once total employee salaries were known.

WORKER'S COMPENSATION (GL 5200): The Risk Management Division charged agencies for Worker's Compensation that was calculated on a percent of gross salaries with a $36,000 per-employee per-calendar year salary cap. The Governor recommended a rate change from 2.37 percent in FY 2019 to 2.31 percent in FY 2020 and 2.38 percent in FY 2021 that resulted in a statewide decrease of $335,880 over the 2019-2021 biennium.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (GL 5300): The actuarial report for the Public Employees' Retirement System (PERS) as of June 30, 2018, indicated that contribution rates would increase for the 2019-2021 biennium as follows.

Rate	Description	FY 2020 Rate	FY 2021 Rate
Employee-Employer Paid Retirement (Regular)	Percent of gross salary for employees who match employer contribution	15.25%	15.25%
Employer Paid Retirement (Regular)	Percent of gross salary for employees who do not match employer contribution and reduce salary by 12.759 percent	29.25%	29.25%
Employee-Employer Paid Retirement (Police/Fire)	Percent of gross salary for employees who match employer contribution	22.00%	22.00%
Employer Paid Retirement (Police/Fire)	Percent of gross salary for employees who do not match employer contribution and reduce salary by 17.9381 percent	42.50%	42.50%

Total funding of $50.6 million was recommended by the Governor over the 2019-2021 biennium to support the state's share of the contribution rate increases that included $19.1 million in General Fund appropriations for contribution increases for teachers and other staff supported through the Distributive School Account.

UNEMPLOYMENT ASSESSMENT (GL 5800): The Unemployment Assessment was an allocation to state agencies for the cost of unemployment insurance and was calculated on a percent of gross salaries. The Executive Budget recommended the Unemployment Assessment rate of 0.16 percent for FY 2020 and 0.15 percent for FY 2021. For comparison, the Legislature during the 79th Session (2017) approved rates of 0.15 percent for FY 2018 and 0.14 percent in FY 2019. The M-300 decision unit resulted in additional statewide unemployment assessments of $128,448 in FY 2020 and $200,135 in FY 2021.

Ms. Day asked whether the Committees wished to approve decision unit M-300 Fringe Benefit Rate Adjustments rates with the noted adjustments, and provide staff with authority to make technical adjustments as necessary.

> SENATOR KIECKHEFER MOVED THAT THE COMMITTEES APPROVE DECISION UNIT M-300 FRINGE BENEFIT RATE ADJUSTMENTS RATES WITH THE NOTED ADJUSTMENTS AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

SALARY ADJUSTMENT BUDGET ACCOUNTS

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the next item related to salary adjustment budget accounts. The Governor recommended a 3 percent salary increase for all employee groups in fiscal year (FY) 2020 including K-12 employees. To enact the 3 percent salary increase for state employees and the Nevada System of Higher Education, the Governor recommended State General Fund appropriations of $31.3 million and State Highway Fund appropriations of $6.7 million in FY 2020, and General Fund appropriations of $31.6 million and Highway Fund appropriations of $6.8 million in FY 2021. The General Fund portion of the salary increases was included in the General Fund Salary Adjustment budget account (BA) 4883, while the Highway Fund portion was contained in the Highway Fund Salary Adjustment BA 4881. The Office of Finance, Office of the Governor, further indicated the amounts recommended in The Executive Budget for the General Fund and Highway Fund Salary Adjustment budgets were calculated at 80 percent of the estimated total cost of the salary increase. The non-General Fund and non-Highway Fund portions of the 3 percent salary increase were not included in The Executive Budget and would be funded through other existing revenue sources in each budget that contained positions. The 3 percent salary increase for K-12 employees was reflected in the Distributive School Account.

Ms. Day asked whether the Committees wished to approve the General Fund Salary Adjustment budget and the Highway Fund Salary Adjustment budget as recommended by the Governor and authorize Fiscal Analysis Division staff to make other technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES APPROVE THE GENERAL FUND SALARY ADJUSTMENT BUDGET ACCOUNT 4883 AND THE HIGHWAY FUND SALARY ADJUSTMENT BUDGET ACCOUNT 4881 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Chair Carlton said the next item on the agenda was the budget closings reports from Health and Human Services Subcommittees for the Division of Welfare and Supportive Services, Department of Health and Human Services.

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - ADMINISTRATION (101-3228)
BUDGET PAGE DHHS-DWSS-9

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - TANF (101-3230)
BUDGET PAGE DHHS-DWSS-16

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - ASSISTANCE TO AGED AND BLIND (101-3232)
BUDGET PAGE DHHS-DWSS-20

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - WELFARE FIELD SERVICES (101-3233)
BUDGET PAGE DHHS-DWSS-22

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - CHILD SUPPORT ENFORCEMENT PROGRAM (101-3238)
BUDGET PAGE DHHS-DWSS-29

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - CHILD ASSISTANCE AND DEVELOPMENT (101-3267)
BUDGET PAGE DHHS-DWSS-37

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - ENERGY ASSISTANCE PROGRAM (101-4862)
BUDGET PAGE DHHS-DWSS-43

HEALTH AND HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE - CHILD SUPPORT FEDERAL REIMBURSEMENT (101-3239)
BUDGET PAGE DHHS-DWSS-35

Leanndra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Subcommittees on Human Services had completed a review of the Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services. The closing recommendations of the Subcommittees resulted in State General Fund decreases of $583,715 in fiscal year (FY) 2020 and $1.1 million in FY 2021. The Subcommittees recommended the following closing actions:

ADMINISTRATION (101-3228) DHHS-DWSS-9: The Subcommittees recommended issuing a letter of intent requiring the agency to submit semiannual reports to the Interim Finance Committee (IFC) concerning the status of the Temporary Assistance to Needy Families (TANF) work participation measures including any actions taken by the agency to mitigate or eliminate possible sanctions and detail any sanctions that had resulted from failure to comply with federal work participation standards.

TANF (101-3230) DHHS-DWSS-16: The Subcommittees approved revised Temporary Assistance for Needy Families (TANF) reductions totaling $1.2 million in FY 2020 and $1.4 million in FY 2021 using the most recent caseload data provided by the agency to align funding with the projected decrease in TANF recipients. In addition, the Subcommittees approved the transfer of TANF Block Grant funds of $517,852 per year to the Rural Child Welfare budget to support a child's care during the first 120 days of emergency foster care placement and approved TANF Block Grant transfers of $2.1 million per year to the Home and Community-Based Services budget to support comprehensive services for autistic children through the Autism Treatment Assistance Program.

ASSISTANCE TO AGED AND BLIND (101-3232) DHHS-DWSS-20: The Subcommittees recommended approval of General Funds of $309,611 in FY 2020 and $674,965 in FY 2021 for increases to the low-income aged, blind, and adult group care facilities' caseload, including a technical adjustment that reduced General Funds in the base budget by $52,955 in each year of the 2019-2021 biennium to align with FY 2019 updated caseload projections. The Subcommittees recommended continuing the practice of issuing a letter of intent for the 2019-2021 biennium to require the Division to report to the Interim Finance Committee with a proposal on how to address federal Supplemental Security Income (SSI) payments before applying the annual federal SSI cost-of-living payment changes scheduled for January 2020 and January 2021.

FIELD SERVICES (101-3233) DHHS-DWSS-22: The Subcommittees recommended approval of the March 2019 client transaction projections that would result in the elimination of 29 positions (5 permanent and 24 intermittent) in FY 2020 and an additional 10 positions (2 permanent and 8 intermittent) in FY 2021 for a savings of $1.3 million ($416,930 of General Fund) in FY 2020 and $1.9 million ($595,599 of General Fund) in FY 2021. The eliminated positions included 20 administrative assistants, 18 family services specialists, and 1 family services supervisor.

CHILD SUPPORT ENFORCEMENT PROGRAM (101-3238) DHHS-DWSS-29: The Subcommittees recommended approval of the Governor's recommendation of $1.4 million ($322,582 of General Funds) in FY 2020 and $3.6 million ($1.2 million of General Funds) in FY 2021 to reestablish 21 positions in FY 2020 and 52 positions in FY 2021 and associated operating costs that were removed from the base budget because of the depletion of the budget's reserves. The Subcommittees also recommended approval of the elimination of four vacant administrative assistant positions in the State Collections and Disbursement Unit because of efficiency gains recommended by the Governor for a projected savings of $426,626 over the 2019-2021 biennium. The Subcommittees recommended approval of a net revenue increase of $274,631 over the 2019-2021 biennium to apply a federally mandated fee increase from $25 to $35 annually, effective October 2019, contingent upon the approval of Assembly Bill 527 or other enabling legislation as recommended by the Governor.

CHILD ASSISTANCE AND DEVELOPMENT (101-3267) DHHS-DWSS-37: The Subcommittees approved revised federal funds totaling $2.3 million in FY 2020 and $3.2 million in FY 2021 to align child-care services with the March 2019 caseload projections and a technical adjustment increasing the base budget by $511,797 in each year of the 2019-2021 biennium to align with updated caseload projections for FY 2019. The Subcommittees approved costs associated with reimbursing 2-star through 5-star facilities rated in the Quality Rating Improvement System program that reduced costs by $1.8 million in each year when compared to the amount recommended by the Governor, for a total of $3.4 million in federal funds in each year of the 2019-2021 biennium. The Subcommittees did not approve $4,384 for two additional trips to the State and Territory Child Care Development Fund Administrators Meeting in Washington D.C. and instead approved $4,457 for three staff members to travel out of state for a regional meeting and approved the Governor's recommendation for $5,325 for in-state travel.

ENERGY ASSISTANCE PROGRAM (101-4862) DHHS-DWSS-43: The Subcommittees approved increases to the Universal Energy Charge (UEC) and federal grant authority of $593,890 in FY 2020 and $610,529 in FY 2021 to align funding with the March 2019 caseload projections in the Maintenance (M) 200 decision unit and a technical adjustment reducing the base budget by $1.8 million in each year of the upcoming 2019-2021 biennium to align with FY 2019 updated projections. The Subcommittees approved business process reengineering services to gain efficiencies in the current Energy Assistance Program, at a total cost of $123,480 over the 2019-2021 biennium ($89,671 in UEC revenue and $33,809 in federal funds).

CHILD SUPPORT FEDERAL REIMBURSEMENT (101-3239) DHHS-DWSS-35: The Subcommittees recommended closing the Child Support Federal Reimbursement budget as recommended by the Governor. The Subcommittees recommended approval of other closing items within the Division of Welfare and Supportive Services budgets as recommended by the Governor with technical adjustments noted by staff and authorized Fiscal staff to make other technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR KIECKHEFER MOVED TO ACCEPT THE CLOSING REPORT OF THE SUBCOMMITTEES ON HUMAN SERVICES ON THE DIVISION OF WELFARE AND SUPPORTIVE SERVICES,

DEPARTMENT OF HEALTH AND HUMAN SERVICES, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

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

BUDGETS CLOSED.

* * * * *

Chair Carlton said the next item on the agenda was the budget closings reports from the Subcommittees on K-12/Higher Education/CIP for the Nevada System of Higher Education.

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - SYSTEM ADMINISTRATION (101-2986)
BUDGET PAGE NSHE-10

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - SPECIAL PROJECTS (101-2977)
BUDGET PAGE NSHE-13

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNIVERSITY PRESS (101-2996)
BUDGET PAGE NSHE-16

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - SYSTEM COMPUTING CENTER (101-2991)
BUDGET PAGE NSHE-18

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - STATE-FUNDED PERKINS LOAN (101-2993)
BUDGET PAGE NSHE-20

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - EDUCATION FOR DEPENDENT CHILDREN (101-2978)
BUDGET PAGE NSHE-22

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNIVERSITY OF NEVADA, RENO (101-2980)
BUDGET PAGE NSHE-23

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - INTERCOLLEGIATE ATHLETICS - UNR (101-2983)
BUDGET PAGE NSHE-29

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - STATEWIDE PROGRAMS - UNR (101-2985)
BUDGET PAGE NSHE-31

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNR SCHOOL OF MEDICINE (101-2982)
BUDGET PAGE NSHE-35

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - HEALTH LABORATORY AND RESEARCH (101-3221)
BUDGET PAGE NSHE-38

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - AGRICULTURAL EXPERIMENT STATION (101-2989)
BUDGET PAGE NSHE-40

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - COOPERATIVE EXTENSION SERVICE (101-2990)
BUDGET PAGE NSHE-42

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - BUSINESS CENTER NORTH (101-3003)
BUDGET PAGE NSHE-44

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNIVERSITY OF NEVADA, LAS VEGAS (101-2987)
BUDGET PAGE NSHE-46

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNLV SCHOOL OF MEDICINE (101-3014)
BUDGET PAGE NSHE-51

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - INTERCOLLEGIATE ATHLETICS - UNLV (101-2988)
BUDGET PAGE NSHE-54

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - STATEWIDE PROGRAMS - UNLV (101-3001)
BUDGET PAGE NSHE-56

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNLV LAW SCHOOL (101-2992)
BUDGET PAGE NSHE-59

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - UNLV DENTAL SCHOOL (101-3002)
BUDGET PAGE NSHE-62

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - BUSINESS CENTER SOUTH (101-3004)
BUDGET PAGE NSHE-65

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - DESERT RESEARCH INSTITUTE (101-3010)
BUDGET PAGE NSHE-67

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - Great Basin COLLEGE (101-2994)
BUDGET PAGE NSHE-72

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - WESTERN NEVADA COLLEGE (101-3012)
BUDGET PAGE NSHE-78

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - COLLEGE OF SOUTHERN NEVADA (101-3011)
BUDGET PAGE NSHE-83

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - TRUCKEE MEADOWS COMMUNITY COLLEGE (101-3018)
BUDGET PAGE NSHE-88

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - NEVADA STATE COLLEGE (101-3005)
BUDGET PAGE NSHE-93

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - PERFORMANCE FUNDING POOL (101-3013)
BUDGET PAGE NSHE-98

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - 2017 UNR ENGINEERING BUILDING DEBT SERVICE (101-3015)
BUDGET PAGE NSHE-102

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - SILVER STATE OPPORTUNITY GRANT PROGRAM (101-3016)
BUDGET PAGE NSHE-103

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE - PRISON EDUCATION PROGRAM (101-3017)
BUDGET PAGE NSHE-104

EDUCATION
NEVADA SYSTEM OF HIGHER EDUCATION
NSHE – CAPACITY ENHANCEMENT (101-3019)
BUDGET PAGE NSHE-NEW

Brody Leiser, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that on May 14, 2019, the Subcommittees on K-12/Higher Education/CIPs completed their review of the Nevada System of Higher Education (NSHE) budget recommendations in The Executive Budget for the 2019-2021 biennium. The Subcommittees' actions resulted in a decrease of General Fund appropriations of $14.5 million in fiscal year (FY) 2020 and $16.6 million in FY 2021. The Subcommittees approved the following closing actions.

NSHE Funding Formula and Performance Funding Pool for Instructional Budgets: The Subcommittees recommended approval of the Governor's recommendation to continue funding the seven state-supported instructional budgets with the higher education funding formula and distributing General Fund appropriations based on the NSHE institutions' FY 2018 Weighted Student Credit Hours (WSCH). The Subcommittees recommended to fund WSCH caseload adjustments with General Fund appropriations of $20.9 million in each fiscal year of the 2019-2021 biennium that represented a General Fund savings of $773,710 over the biennium compared to the amount recommended by the Governor. As a component of the funding formula, the Subcommittees recommended approval of the Governor's recommendation that Great Basin College (GBC) and Western Nevada College (WNC) receive General Fund appropriations of $710,280 and $411,480, respectively, in each fiscal year of the 2019-2021 biennium for small institution funding and that the funding be appropriated before the calculation of the WSCH value as a preformula allocation.

The Subcommittees recommended approval of $5.1 million in FY 2020 and $5.4 million in FY 2021 for the University of Nevada, Reno (UNR) to fund research space operations and maintenance (O&M) funding as recommended by the Governor. The Subcommittees recommended approval of $4.2 million in each fiscal year of the 2019-2021 biennium for the University of Nevada, Las Vegas (UNLV) in research space O&M funding that was a reduction of $1.7 million per year compared to the amounts recommended by the Governor as a result of a base budget reduction to remove funding that was not tied to existing square footage dedicated for research. The Subcommittees concurred with the Governor's recommendation that the research space O&M funding be appropriated before the calculation of the WSCH value as a preformula allocation.

The Subcommittees recommended approval of the Governor's recommendation to approve performance funding levels of $104.4 million and $105.7 million representing a 20 percent set-aside of General Fund appropriations for the performance funding pool in FY 2020 and FY 2021, respectively. The Subcommittees recommended to include the FY 2020 performance funding in each institution's General Fund appropriation amount and thus avoid the need for the institutions to submit work programs for Interim Finance Committee (IFC) consideration to facilitate a known transfer of performance funding for FY 2020. Finally, the Subcommittees recommended to remove one-time expenditures totaling $3.1 million in each fiscal year of the 2019-2021 biennium from the base budgets for the College of Southern Nevada (CSN), Truckee Meadows Community College (TMCC), and Great Basin College (GBC). Those funds were recommended in the base budgets that were part of the available funds distributed through the formula, and the recommendation resulted in General Fund reductions in each of the seven instructional formula budgets.

Subcommittees Recommended Formula Funding: The formula funding levels recommended by the Subcommittees compared to the institution's FY 2019 General Fund appropriations before any final closing actions approved by the full Committees and technical adjustments were shown in the following tables:

2019-2021 Biennium Formula Funding
Recommended by the Joint Subcommittee on K-12/Higher Education/CIPs for the NSHE Before Final Closing Actions by the 2019 Legislature's Joint Full Committee

Institution (Formula Account)	FY 2019 General Fund Appropriations	FY 2020 Governor Recommended	FY 2020 Subcomm. Closing (May 14, 2019)	FY 2020 Change from FY 2019	% Change from FY 2019
UNLV[1]	$ 163,095,774	$ 189,437,532	$ 181,154,846	$ 18,059,072	11.1%
UNR[1]	$ 116,604,617	$ 135,444,838	$ 130,453,766	$ 13,849,149	11.9%
CSN[1]	$ 97,562,083	$ 108,478,939	$ 102,946,866	$ 5,384,783	5.5%
GBC[1]	$ 14,147,792	$ 13,829,490	$ 13,240,387	$ (907,405)	-6.4%
TMCC[1]	$ 34,905,790	$ 37,903,265	$ 35,947,635	$ 1,041,845	3.0%
WNC[1]	$ 14,014,906	$ 15,277,450	$ 14,576,719	$ 561,813	4.0%
NSC[1]	$ 16,002,707	$ 21,610,549	$ 20,762,901	$ 4,760,194	29.7%
TOTAL	**$ 456,333,669**	**$ 521,982,063**	**$ 499,083,120**	**$ 42,749,451**	9.4%

Institution (Formula Account)	FY 2019 General Fund Appropriations	FY 2021 Governor Recommended	FY 2021 Subcomm. Closing (May 14, 2019)	FY 2021 Change from FY 2019	% Change from FY 2019
UNLV[1]	$ 163,095,774	$ 191,507,353	$ 182,023,764	$ 18,927,990	11.6%
UNR[1]	$ 116,604,617	$ 137,216,074	$ 131,325,366	$ 14,720,749	12.6%
CSN[1]	$ 97,562,083	$ 109,984,010	$ 103,452,236	$ 5,890,153	6.0%
GBC[1]	$ 14,147,792	$ 14,090,964	$ 13,301,897	$ (845,895)	-6.0%
TMCC[1]	$ 34,905,790	$ 38,629,629	$ 36,124,104	$ 1,218,314	3.5%
WNC[1]	$ 14,014,906	$ 15,046,947	$ 14,646,257	$ 631,351	4.5%
NSC[1]	$ 16,002,707	$ 21,912,415	$ 20,864,827	$ 4,862,120	30.4%
TOTAL	**$ 456,333,669**	**$ 528,387,392**	**$ 501,738,451**	**$ 45,404,782**	9.9%

Notes:
[1] Amounts are inclusive of performance funding.

Increasing Capacity System-wide: The Subcommittees did not approve the Governor's recommendation to provide General Fund appropriations of \$20.9 million over the 2019-2021 biennium for increasing research capacity at UNR and UNLV. The Subcommittees recommended approval of the Governor's recommendation to provide General Fund appropriations of \$8.8 million in FY 2020 and \$10.9 million in FY 2021 for the purpose of continuing funding to increase capacity at CSN, GBC, TMCC, WNC, Nevada State College (NSC) and the Desert Research Institute (DRI). The Subcommittees recommended that the funding be approved in a separate budget account with individual expenditure categories for each institution for the 2019-2021 biennium.

The funding would support the institutions' efforts in the development and sustainability of capacity for programs that aligned with workforce and economic development needs of the state and for DRI to expand its research efforts. The Subcommittees recommended that the enhancement funding be approved as one-time funding for the 2019-2021 biennium and directed the institutions to remove the one-time funding from the base budgets for the 2021-2023 biennium. Any continued funding for the programs should be requested as an enhancement in the NSHE's 2021-2023 biennium budget request. Finally, the Subcommittees recommended issuing a letter of intent requiring that the institutions provide a detailed expenditure report to the Interim Finance Committee (IFC) on a semiannual basis to reflect how the capacity funding was being spent, a status update on the various programs supported through the funding, and the identification of generated WSCHs by program area that were a direct result of the funding.

Budgeting of Student-Derived Revenues: The Subcommittees recommended approval of student driven non-General Fund revenue for the seven teaching institutions and three professional schools as recommended by the Governor for the 2019-2021 biennium, inclusive of technical adjustments to those revenues based on updated projections received from NSHE. The Subcommittees deferred its action on whether to approve the Governor's recommendation to continue the existing policy initially adopted by the Legislature during the 77th Session (2013) that non-General Fund revenues (registration fees, nonresident tuition, and miscellaneous student fees) should not offset the amount of General Fund appropriations that would otherwise be budgeted. While deferral of the action had no fiscal effect on the Subcommittees' recommended funding within NSHE budgets for the 2019-2021 biennium, the decision would affect language that had been previously included in the Authorizations Act related to the policy.

Mr. Leiser asked whether the Committees wished to approve the Governor's recommendation to continue the current policy initially adopted by the Legislature during the 77th Session (2013) that non-General Fund revenues should not be used to offset the amount of General Fund appropriations that would otherwise be budgeted. If the Committees approved the Governor's recommendation to continue the policy, Mr. Leiser asked whether the Committees wished to direct Fiscal staff to include back language in the 2019-2021 biennium Authorizations Act to:

A. Authorize NSHE to balance forward any unexpended non-General Fund revenues to the next fiscal year for authorized purposes in the NSHE state-supported operating budgets without Interim Finance Committee (IFC) approval.

B. Authorize NSHE institutions to expend increases in nonresident tuition, registration fee, and miscellaneous student fee revenues without IFC approval, regardless of how the increased revenue was to be expended.

Chair Carlton said she had concerns for years about dollars that were outside of the discussion point and how the money was appropriated, because the Legislature was unable to see the money on the other side of the wall, and that money did not count toward the General Fund support. She recalled that a number of years ago, NSHE had to come to IFC to move money from one account to the other. She asked whether that requirement had been changed before NSHE was allowed authority to expend non-General Fund revenue.

Mr. Leiser responded that language that he referenced was initiated as a result of the adoption of the current funding formula, and the policy was a recommendation that came from that study. Previously, NSHE institutions were subject to what was otherwise known as section 7 in the Authorizations Act. However, there was a partial exemption, and the language that was previously used in the Authorizations Act allowed the institutions to expend additional registration fee revenue that was a direct result of increased enrollments in the institutions if that money was used for instructional purposes to hire additional professors. That language previously existed and allowed the institutions to use funding for that purpose. Any increases of nonresident tuition and or miscellaneous fees, under the prior language, required IFC approval regardless of how the funds were spent. There was language in the Authorizations Act that allowed NSHE to request authority from IFC for approval to spend additional money. If the institutions collected revenue above the authorized amounts that was not used for those purposes, the institutions were required to set aside an equal amount of General Fund and revert that money at the end of the fiscal year.

Chair Carlton said this was a complicated component. There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE GOVERNOR'S RECOMMENDATION TO CONTINUE THE POLICY INITIALLY ADOPTED BY THE LEGISLATURE DURING THE 77TH SESSION (2013) THAT NON-GENERAL FUND REVENUES SHOULD NOT BE USED TO OFFSET THE AMOUNT OF GENERAL FUND APPROPRIATIONS THAT WOULD OTHERWISE BE BUDGETED.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)
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> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES DIRECT THE FISCAL ANALYSIS DIVISION STAFF TO INCLUDE BACK LANGUAGE IN THE 2019-2021 BIENNIUM AUTHORIZATIONS ACT TO:

A. AUTHORIZE THE NEVADA SYSTEM OF HIGHER EDUCATION (NSHE) TO BALANCE FORWARD ANY UNEXPENDED NON-GENERAL FUND REVENUES TO THE NEXT FISCAL YEAR FOR AUTHORIZED PURPOSES IN THE NSHE STATE-SUPPORTED OPERATING BUDGETS WITHOUT IFC APPROVAL.

B. AUTHORIZE NSHE INSTITUTIONS TO EXPEND INCREASES IN NONRESIDENT TUITION, REGISTRATION FEES, AND MISCELLANEOUS STUDENT FEE REVENUES WITHOUT INTERIM FINANCE COMMITTEE APPROVAL REGARDLESS OF HOW THE INCREASED REVENUE WAS TO BE EXPENDED.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

Chair Carlton asked for discussion on the motion.

Assemblyman Kramer said NSHE was supported by both General Fund and fees raised by the institutions through tuition and housing. At the end of a period, if the revenues from non-General Fund sources exceeded what was spent on those purposes, then the excess would roll over to the next year, and it was outside the budget process as far as the university and the IFC was concerned. He asked if that was the case at the end of the two-year period when NSHE returned through the budget process, would the Legislature know the amount of that revenue and what it was spent on. He thought the amount might not be noted in budgets as to where the source of funding came from and the different projects on which the funds were spent.

Mr. Leiser responded that the Authorizations Act for the current biennium included language related to authorizing the institutions to expend any additional amounts beyond what was authorized by the Legislature. The NSHE was required to report to IFC on a semiannual basis on how those revenues were expended. If an institution had collected more non-General Fund revenue than expended in a fiscal year and that amount was balanced forward, there currently was no requirement to report to the IFC or the Legislature. He thought that provision had only been used twice, once by UNR and once by TMCC. It happened twice because that particular language was added by the Legislature during the 78th Session (2015).

Assemblywoman Titus said NSHE already had authorization to raise fees without Legislative approval and could spend those funds on anything without oversight. She asked whether NSHE already had authorization to raise student fees using its discretion and spend the revenue without Legislative oversight.

Chair Carlton confirmed that authority was within the purview of the Board of Regents of NSHE.

Mr. Leiser responded that the Board of Regents had the authority to set the registration fee amounts. About 65 percent of the registration fees were deposited in the state-supported operating budget. The other portion of the registration fees were deposited into what was referred to as the self-supporting budgets, and those budgets were not submitted to the Legislature for approval. Those budgets were overseen and approved by the Board of Regents. The Legislature had authority over the portion of the registration fee revenue that was budgeted within the state-supported operating budgets that were included in The Executive Budget. The Board of Regents identified those amounts, submitted them to the Governor for consideration, and the amounts were included in The Executive Budget that was recommended to the Legislature. Oversight of those fees and how those were spent would be a policy of the Legislature related to the amount of fees that were included in the state-supported operating budgets.

There being no further questions or comments, Chair Carlton called for a vote on the motion.

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

UNLV School of Medicine Implementation: The Subcommittees recommended approval of the Governor's recommendation to continue the creation of an allopathic medical school at UNLV, including new General Fund appropriations of $4.2 million in FY 2020 and $10.1 million in FY 2021, resulting in total General Fund appropriations of $77 million recommended over the 2019-2021 biennium to support the medical school.

Desert Research Institute (DRI) Funding Formula: The Subcommittees concurred with the Governor's recommendation to continue to fund the Desert Research Institute's (DRI) budget based upon the DRI funding formula model for institutional support and research administration functions with General Fund appropriations of $3.7 million in each fiscal year of the 2019-2021 biennium. The Subcommittees also approved the Governor's recommendation, as amended, to fund DRI's operations and maintenance (O&M) costs of $3.8 million in FY 2020 ($3.7 million of General Fund) and $3.9 million in FY 2021 ($3.7 million of General Fund). Finally, the Subcommittees recommended approval of General Fund appropriations of $222,928 in FY 2020 and $228,084 in FY 2021 to account for inflationary increases that were not otherwise accounted for in the DRI formula along with a technical adjustment recommended by Fiscal staff to remove duplicative costs in the base budget for the same purpose.

Prison Education Program: The Subcommittees recommended approval of the Governor's recommendation to appropriate General Funds of $757,377 over the 2019-2021 biennium to support the Prison Education program at CSN, TMCC and WNC.

Nevada Teach Program: The Subcommittees recommended approval of the Governor's recommendation to appropriate General Funds of $300,000 in FY 2020 to continue the Nevada Teach program at UNR and directed staff to include language in the Appropriations

Act allowing the $300,000 appropriation to be available for use in either fiscal year of the 2019-2021 biennium.

Funding for the Nonformula and Professional School Budgets: The Subcommittees recommended approval of the Governor's recommended 2019-2021 biennium funding levels for 17 NSHE nonformula, state-supported operating budgets in The Executive Budget. The Subcommittees recommended approval of the Governor's recommended 2019-2021 biennium funding levels for the UNR School of Medicine, the University of Nevada, Las Vegas (UNLV) William S. Boyd School of Law, and the UNLV School of Dental Medicine, inclusive of an adjustment to reduce General Fund appropriations by $296,224 in FY 2020 and $269,734 in FY 2021 that was otherwise recommended to offset a reduction in nonresident tuition revenues at the UNLV School of Dental Medicine.

Technical Adjustments: The Subcommittees recommended approval of Fiscal staff's request to make any technical adjustments as necessary.

Appropriations Act Language: The Subcommittees recommended that language be included in the 2019 Appropriations Act to continue NSHE's existing general authority to transfer General Fund appropriations between NSHE budget accounts subject to the recommendation of the Governor and the approval of the Interim Finance Committee.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR KIECKHEFER MOVED THAT THE COMMITTEES ACCEPT THE SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIP CLOSING REPORT ON THE NEVADA SYSTEM OF HIGHER EDUCATION.
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> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)
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> BUDGETS CLOSED.

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Chair Carlton said the next item on the agenda was the budget closings reports from Subcommittees on Public Safety, Natural Resources, and Transportation for the Department of Motor Vehicles.

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - SYSTEM TECHNOLOGY APPLICATION REDESIGN (201-4716)
BUDGET PAGE DMV-15**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - DIRECTOR'S OFFICE (201-4744)
BUDGET PAGE DMV-26**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - AUTOMATION (201-4715)
BUDGET PAGE DMV-40**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - ADMINISTRATIVE SERVICES DIVISION (201-4745)
BUDGET PAGE DMV-51**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - COMPLIANCE ENFORCEMENT (201-4740)
BUDGET PAGE DMV-59**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - MOTOR VEHICLE POLLUTION CONTROL (101-4722)
BUDGET PAGE DMV-69**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - CENTRAL SERVICES (201-4741)
BUDGET PAGE DMV-81**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - VERIFICATION OF INSURANCE (201-4731)
BUDGET PAGE DMV-96**

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - FIELD SERVICES (201-4735)
BUDGET PAGE DMV-108**

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - MOTOR CARRIER DIVISION (201-4717)
BUDGET PAGE DMV-118

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - HEARINGS (201-4732)
BUDGET PAGE DMV-35

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - LICENSE PLATE FACTORY (201-4712)
BUDGET PAGE DMV-89

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - RECORDS SEARCH (201-4711)
BUDGET PAGE DMV-102

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - DIVISION OF MANAGEMENT SERVICES & PROGRAMS (201-4742)
BUDGET PAGE DMV-125

Sally Ravenelle, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Subcommittees on Public Safety, Natural Resources, and Transportation had completed their review of the budgets for the Department of Motor Vehicles (DMV). The closing actions taken by the Senate members of the Subcommittees resulted in a decrease of State Highway Fund appropriations of $15 million in FY 2020 and $25.8 million in FY 2021. The closing actions taken by the Assembly members of the Subcommittees resulted in a decrease in Highway Fund appropriations of $13.2 million in FY 2020 and $23.9 million in FY 2021. The closing actions taken by the members of the Subcommittees resulted in a decrease in General Fund appropriations of $54,970 in each year of the 2019-2021 biennium.

Administrative Cap: Historically, *Nevada Revised Statutes* (NRS) 408.235 limited the DMV from expending more than 22 percent of Highway Fund collections on administration, excluding gasoline tax revenue that was not subject to the limitation. The Legislature during the 78th Session (2015) increased the administrative cap to 27 percent through FY 2020 because of the increased expenditures associated with the adoption of the System Technology Application Redesign project (formerly the System Modernization project) that would replace DMV's current mainframe computer system. The Subcommittees' recommendations to close the Department's budgets allowed the agency to remain under the historic 22 percent cap in each year of the 2019-2021 biennium. The actions by the Senate members of the Subcommittees left funding authority under the historic 22 percent cap of approximately $35.2 million in FY 2020 and $35.4 million in FY 2021. The actions by the Assembly members of the Subcommittees left funding authority under the historic 22 percent cap of approximately $33.3 million in FY 2020 and $33.5 million in FY 2021.

System Technology Application Redesign (201-4716) DMV-15: The Subcommittees recommended approval of the Governor's recommendation, as amended by Budget Amendment A193424716, to continue the Department's System Technology Application Redesign (STAR) project. The Subcommittees recommended the STAR project be funded with projected Technology Fee revenue of $14 million over the 2019-2021 biennium, contingent upon passage and approval of Senate Bill 542. The Subcommittees also recommended remaining technology fee funds of approximately $5 million at the end of FY 2019 be balanced forward to the 2019-2021 biennium.

Based on the Department's revised approach to the project and plan to conduct a baseline study of its existing systems and needs over the 2019-2021 biennium, the Subcommittees recommended approval of funding of $550,000 over the 2019-2021 biennium for vendor costs to conduct the study. The Subcommittees also recommended the elimination of four vacant information technology (IT) positions and one vacant business process analyst position. If the recommendation of the Subcommittees was approved, the STAR budget would have eight remaining positions (one Director of the Office of Project Management, one organizational change manager, one IT manager, and five business process analysts) in the 2019-2021 biennium. In addition to the recommended continuing positions for the STAR Project, the Subcommittees recommended approval of funding for services of a part-time master services agreement (MSA) project manager position funded with reserves of $60,000 in each year of the 2019-2021 biennium. The Subcommittees also recommended approval of funding of $118,375 over the 2019-2021 biennium for contract services to update the DMV website to make it easier to use for the public. The Subcommittees recommended approval of seven new MSA contractor positions as well as software and software training to provide data-cleansing services for a total cost of $2.8 million over the 2019-2021 biennium. The Subcommittees recommended approval of contract costs of $400,000 in FY 2021 for an independent verification and validation contract. The Subcommittees recommended approval of the reclassification of the classified Director of the Office of Project Management and the classified organizational change manager as unclassified positions. Finally, the Subcommittees recommended the issuance of a letter of intent requiring semiannual reports to the Interim Finance Committee on the status of the STAR project.

Director's Office (201-4744) DMV-26: The Subcommittees recommended approval for agency human resources staff to attend one training conference each year funded with Highway Fund appropriations of $9,489 over the 2019-2021 biennium. The Subcommittees also recommended approval for the information services officer to attend the Black Hat security training for $8,779 in FY 2020 and the Black Hat security conference for $3,966 in FY 2021. Finally, the Subcommittees recommended approval of the Governor's recommendation for increased marketing services and social media archiving funded with Highway Fund appropriations of $12,899 in each year of the 2019-2021 biennium.

Automation (201-4715) DMV-40: The Subcommittees recommended approving the Governor's recommendation to transfer 12 positions from the STAR budget to the Automation budget funded with Highway Fund appropriations of $2 million over the 2019-2021 biennium that would add four desktop support positions, three application support positions, one framework and control position, and four network positions to the Automation budget.

Administrative Services Division (201-4745) DMV-51: The Subcommittees recommended approval of the Governor's recommendation for one new auditor position as well as associated operating costs funded with Highway Fund appropriations of $80,057 in FY 2020 and $98,652 in FY 2021. The Subcommittees also recommended approval of the Department's revised FY 2020 credit card fee projections of $8.8 million in both FY 2020 and FY 2021 and provided the Department with authority to transfer Highway Fund appropriations up to $3 million between each fiscal year in the 2019-2021 biennium to fund credit card fees with Interim Finance Committee approval. When compared to the amounts in The Executive Budget, the recommendation resulted in an increase in Highway Fund appropriations of $1.8 million over the 2019-2021 biennium.

Compliance Enforcement (201-4740) DMV-59: The Subcommittees recommended approval of the Governor's recommendation for the elimination of an unclassified deputy administrator position and associated operating costs resulting in Highway Fund reductions of $278,177 over the 2019-2021 biennium.

Motor Vehicle Pollution Control (101-4722) DMV-69: The Subcommittees recommended approval of moving costs and specialty equipment for the new Reno emissions lab that would be located at the new DMV field office in South Reno funded with reserve reductions of $198,455 in FY 2020 and $1,152 in FY 2021. The Subcommittees recommended approval of Budget Amendment A193434722 for reserve reductions of $58,002 in FY 2020 and $58,500 in FY 2021 for additional bond service payments associated with the budget's share to complete construction of the new Reno DMV field office facility. Finally, the Subcommittees recommended approval of Budget Amendment A193334722 for reserve reductions of $397,878 in FY 2020 for the budget's share of the furniture, fixture, and equipment (FF&E) costs at the new Reno DMV field office facility.

Central Services (201-4741) DMV-81: The Subcommittees recommended not approving the recommended reclassification and two-grade increase of the existing DMV services technician 2 positions to DMV services technician 3 positions on a Departmentwide basis based on the Division of Human Resource Management, Department of Administration's, preliminary review that determined the reclassifications were not warranted. The Subcommittees recommended approving additional funding for a projected increase in postage costs associated with the passage of the Automatic Voter Registration initiative, funded with General Fund appropriations of $902 in each year of the 2019-2021 biennium.

Verification of Insurance (201-4731) DMV-96: The Subcommittees did not recommend approval of the increase in fine revenues assessed for second offense insurance lapses of at least 91 days to 180 days that The Executive Budget projected would generate additional revenue of $728,500 in each year of the 2019-2021 biennium. The revised fine amount would have created a differential for second offenses based upon the length of the lapse consistent with other offenses.

Field Services (201-4735) DMV-108: The Subcommittees recommended approval of the Governor's recommendation for a new employee development manager position funded with Highway Fund appropriations of $87,310 in FY 2020 and $104,852 in FY 2021. The employee development manager would be responsible for the coordination and management of the Department's statewide field services training program. The Subcommittees also recommended approval of two new positions for the Commercial Driver License group and authorized Fiscal staff to enter technical adjustments including modifying those new positions from program officer positions to DMV services technician 4 positions.

Motor Carrier Division (201-4717) DMV-118: The Motor Carrier budget had a closing difference related to the Governor's recommendation to allow the DMV to collect 0.5 percent for county fuel tax collections and 1 percent for indexed fuel tax collections that would generate Highway Fund savings of $1.8 million in FY 2020 and $1.9 million in FY 2021 contingent on approval of Senate Bill (S.B.) 546 or other enabling legislation. The Senate members of the Subcommittees recommended approval to allow the DMV to collect 0.5 percent for county fuel tax collections and 1 percent for indexed fuel tax collections, while the Assembly members of the Subcommittees recommended not approving the Governor's recommendation.

The Motor Carrier Division was responsible for the collection of fuel taxes for the state and county governments. For the 2017-2019 biennium, The Executive Budget recommended the Division collect a flat percentage rate from county governments for the collection of fuel taxes. Fiscal staff consulted with the Legal Division, Legislative Counsel Bureau, about the approach and were advised it was not allowable under *Nevada Revised Statutes* (NRS) 373.080. The DMV indicated that the collection of a flat percentage administrative fee, rather than the current cost allocation, would be easier to administer than calculating the current cost allocation.

During the budget hearing on February 27, 2019, the Subcommittees inquired whether the Department only planned to collect the contracted flat rate up to the amount of funding needed in the budget; however, the Department indicated it planned to collect the full amount. If the new administrative fee methodology was approved, the Department projected revenue would exceed the total Motor Carrier Division expenditures beginning in FY 2022.

Once that occurred, the Department indicated it would amend the contracts with the counties to allow the remaining funds to stay in the State Highway Fund for use in the individual county for which the excess funds were collected. However, the DMV indicated Washoe County might request its excess funds be returned to its Regional Transportation Commission (RTC) rather than the Highway Fund.

Each Subcommittee closed the budget differently, and two options for the Committees' consideration were provided.

A. Approve the Governor's recommendation to allow DMV to collect 0.5 percent for county fuel tax collections and 1 percent for indexed fuel tax collections that would generate Highway Fund savings of $1.8 million in FY 2020 and $1.9 million in FY 2021 contingent on approval of S.B. 546 or other enabling legislation. The Senate Subcommittee approved this action.

B. Do not approve the Governor's recommendation to partially fund the budget through a cost allocation that charged 0.5 percent for county fuel tax collection revenues and 1 percent indexed fuel tax collection revenues, and instead direct the Department to further study its cost allocation over the 2019-2021 biennium to determine the additional costs that should be included. Approval of the option would continue Highway Fund Appropriations of $1.8 million in FY 2020 and $1.9 million in FY 2021. The Assembly Subcommittee approved this action.

Chair Carlton said the matter was complicated, and she understood the methodology that was being used. The Legal Division, Legislative Counsel Bureau (LCB), said the methodology could not be used; therefore, the Committees heard a proposal to make what was being done legal that involved no State General Fund but had Highway Funds involved.

Assemblywoman Neal said the concern she had was it was inappropriate to change the law to continue the methodology that was being done incorrectly. The agency could fix the contract without revising the statute. Assemblywoman Neal thought the Committees should direct the agency to fix the contract terms to fit what existing law required under NRS 373.080. That was why the Subcommittees closed with a difference. She disagreed with the Senate reasoning and felt that one did not change the law to permit one to continue to do something wrong.

Senator Parks thought the current statute allowed a specific reason to continue with existing practices, and that accounted for the difference.

Chair Carlton said she understood that the agency lacked the statutory authority to use the methodology.

Senator Settelmeyer understood the discussion. There was a change in the past to delete the word "cost" in the statute. The heart of the explanation would be to ask whether

DMV would explain that change because it was not a question of Highway Funds versus General Fund. He said if the Committees approved the other methodology in option B, the counties were affected and would have to perform the calculation. The counties preferred to pay the state because the state was more efficient in doing the calculations and had been doing it for a long time. The smaller counties indicated that it would cost them more, and they were happy to give up that percentage because it benefited them.

Senator Goicoechea said maybe he misunderstood, but he thought that the percentages were occurring now and became an issue when the Office of the Attorney General questioned the cost allocation. A contract was in place that allowed for the current methodology. The Committees needed a legal determination about whether the methodology was allowed or not. This was the first time he heard that the methodology was illegal.

Assemblywoman Neal said the issue was that the agency had a contract, but the statute in NRS 373.080 said the terms of the contract were incorrect. Yes, the agency had a contract, but under the statutory provisions that contract should not have existed. Technically it was a violation of the law because how it was written did not fit the law. Although the agency was doing the methodology, it was illegal. She did not believe that when something was wrong that did not comply with the statute, a bill should be approved to continue the noncompliant behavior.

Senator Goicoechea said the statutory change would resolve the problem because the current methodology worked better under the contract.

Chair Carlton said that might be true, but the requested methodology was not allowed under the existing law. She asked whether the decision hinged on a piece of legislation that was outstanding.

Ms. Ravenelle responded that S.B. 546 would clarify the authority to retain commissions received through the contracts with counties for services provided for the collection and distribution of the county fuel taxes.

Chair Carlton understood that S.B. 546 would address the matter and clarify the language, but the Committees could not rely on that bill passing. If the bill passed, it would fix the problem, but if it did not pass, the Legislature needed to make sure the guidance was to comply with the law. She believed that in case the bill did not pass, the Committees should approve option B. If the bill passed the requirement would change. If the bill failed to pass, then the study of cost allocation would be performed and the best methodology would be recommended. She knew there would be some bumps in the road trying to get that done. With S.B. 546 outstanding, she was uncertain what other action the Committees could take.

Senator Settelmeyer said there was a change in 2005 when the word "cost" was deleted, and it created a situation of dueling lawyers. In one Subcommittee, the Legal Division said the methodology was fine and the other Subcommittee said it was not allowed. The bill in question would clarify and put the matter to rest completely because there was a situation of dueling lawyers unless the main lawyer wanted to make the final ruling. The practice was not necessarily illegal, but it was questionable, and that was why there were two differing opinions. The Department had more information.

Chair Carlton said the matter was complicated. She knew that the Legal Division advised the Legislature and the Fiscal Analysis Division staff that the recommendation to charge a flat percentage regardless of cost of service did not comply with the cited NRS, and she would agree with the LCB Legal Division staff.

There being no further questions or comments, Chair Carlton called for a motion.

Senator Woodhouse said she believed it was important to follow the legal opinion and advice of the LCB Legal Division on the matter and watch the progress of S.B. 546 and make whatever changes were necessary.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE ASSEMBLY SUBCOMMITTEES' ACTION TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO PARTIALLY FUND BUDGET ACCOUNT 4717 THROUGH A COST ALLOCATION THAT CHARGED 0.5 PERCENT FOR COUNTY FUEL TAX COLLECTION REVENUES AND 1 PERCENT INDEXED FUEL TAX COLLECTION REVENUES AND INSTEAD DIRECT THE DEPARTMENT TO FURTHER STUDY ITS COST ALLOCATION OVER THE 2019-2021 BIENNIUM TO DETERMINE THE ADDITIONAL COSTS THAT SHOULD BE INCLUDED. APPROVAL WOULD CONTINUE HIGHWAY FUND APPROPRIATIONS OF $1.8 MILLION IN FISCAL YEAR (FY) 2020 AND $1.9 MILLION IN FY 2021.
>
> ASSEMBLYWOMAN NEAL SECONDED THE MOTION.

Chair Carlton asked for discussion on the motion.

Senator Settelmeyer asked what might happen if S.B. 546 was approved. He asked whether the Committees would return to address the problem or would the bill automatically change the situation.

Chair Carlton said statute would override the problem. If the matter was not resolved, the agency would return to IFC and there would be a conversation.

Chair Carlton asked for the motion to be restated.

SENATOR WOODHOUSE MOVED THAT THE COMMITTEES APPROVE THE ASSEMBLY SUBCOMMITTEES' ACTION TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO PARTIALLY FUND BUDGET ACCOUNT 4717 THROUGH A COST ALLOCATION THAT CHARGED 0.5 PERCENT FOR COUNTY FUEL TAX COLLECTION REVENUES AND 1 PERCENT INDEXED FUEL TAX COLLECTION REVENUES, AND INSTEAD DIRECT THE DEPARTMENT TO FURTHER STUDY ITS COST ALLOCATION OVER THE 2019-2021 BIENNIUM TO DETERMINE THE ADDITIONAL COSTS THAT SHOULD BE INCLUDED. APPROVAL WOULD CONTINUE HIGHWAY FUND APPROPRIATIONS OF $1.8 MILLION IN FISCAL YEAR (FY) 2020 AND $1.9 MILLION IN FY 2021.

ASSEMBLYWOMAN NEAL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Kramer, Titus, and Wheeler and Senators Goicoechea, Kieckhefer, and Settelmeyer voted no. Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Ravenelle explained that the Subcommittees recommended approval of the Governor's recommendation, as amended by Budget Amendment A192684717, to fund the new International Registration Plan system funded with Highway Fund appropriations of $487,600 in FY 2020 and $175,200 in FY 2021 contingent upon the Highway Patrol Division, Department of Public Safety, providing grant funding of $800,000.

The Subcommittees recommended closing the following DMV budgets as recommended in The Executive Budget, with minor or technical adjustments.

- Hearings (201-4732) DMV-35.
- License Plate Factory (201-4712) DMV-89.
- Records Search (201-4711) DMV-102.
- Division of Management Services & Programs (201-4742) DMV-125.

The Subcommittees also recommended approving technical adjustments noted by staff and authorized Fiscal staff to make other technical adjustments to the DMV budgets as needed.

Assemblywoman Titus pointed out some frustration with the STAR project and that budget. During the Subcommittees' hearings, she expressed her concern but wanted to bring it up to the full Committees to ensure it was part of the record. During the hearing, the Subcommittees were asked to approve the Governor's recommendation to fund the STAR project with technology fees. She heard that the project had previously been started with technology fees. The agency had already spent approximately $12.2 million for equipment purchases that were a sunk cost, and that money was just basically lost down a big hole. Furthermore, to add to her frustration, the project was funded with technology fees that were set to expire on June 30, 2020. The agency would need to continue and develop a new system, and that would need to be monitored. That was the purpose of the letter of intent on a six-month basis. She supported the budget, but the problem bothered her because of the waste of the technology fees. The Legislature would be monitoring the project for the future. She knew that DMV staff were in the audience, and she looked forward to seeing an update in six months and closely monitoring the use of the technology fees.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES ACCEPT THE BUDGET CLOSING REPORT FROM THE SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND TRANSPORTATION FOR THE DEPARTMENT OF MOTOR VEHICLES.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)
>
> BUDGETS CLOSED.

* * * * *

Chair Carlton said the next item on the agenda was the budget closings report from the Subcommittees on General Government for the Department of Taxation.

FINANCE & ADMINISTRATION
DEPARTMENT OF TAXATION
DEPARTMENT OF TAXATION (101-2361)
BUDGET PAGE TAXATION-6

FINANCE & ADMINISTRATION
DEPARTMENT OF TAXATION
TAXATION - MARIJUANA REGULATION AND CONTROL ACCT (101-4207)
BUDGET PAGE TAXATION-15

Jaimarie Ortega, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that the Subcommittees on General Government completed their review of the Department of Taxation. The closing recommendations of the Subcommittees resulted in State General Fund increases of $1.8 million in fiscal year (FY) 2020 and $2.2 million in FY 2021. The Subcommittees recommended approval of the following closing actions:

Department of Taxation (101-2361) TAXATION-6: The Subcommittees recommended approval of General Fund appropriations totaling $1.6 million over the 2019-2021 biennium to fund five new auditor positions, one information technology (IT) manager position, and two IT professional positions and associated operating and travel expenditures that included the adjustments recommended in Budget Amendment A19272361. The Subcommittees also recommended approval of new license fees for other tobacco products wholesale and retail dealers and an increase of the existing license fee for cigarette wholesale dealers totaling $364,900 as recommended in Budget Amendment A19272361, contingent upon passage and approval of Bill Draft Request 1242 [later introduced as Assembly Bill 535].

The Subcommittees recommended approval of General Fund appropriations totaling $343,438 over the 2019-2021 biennium to fund two compliance/audit investigator positions as recommended in Budget Amendment A19272361. The Subcommittees recommended not approving the proposal in Budget Amendment A19272361 to provide General Fund appropriations totaling $329,110 over the 2019-2021 biennium to increase the salaries of the seven Nevada Tax Commissioners and the Chair of the Commission. The Subcommittees recommended approval of the Governor's recommendation to reduce General Fund appropriations by $37,228 over the 2019-2021 biennium contingent upon passage and approval of Senate Bill 497 that eliminated the requirement for business entities with no tax liability, or "zero" tax returns, to submit a commerce tax return.

Taxation Marijuana Regulation and Control Account (101-4207) TAXATION-15: The Subcommittees recommended approval to establish a new standalone Cannabis Compliance Board (CCB) to administer the existing Marijuana Regulation and Control activities and 44 current positions presently overseen by the Department of Taxation. In addition, the Subcommittees recommended approval, as included in Budget Amendment A193114207, for two new unclassified positions, six new classified full-time positions, five part-time board members, and eight Cannabis Advisory Commission members. However, rather than approving the new agency to begin preparatory activities as of July 1, 2019, as recommended through the budget amendment, the Subcommittees recommended an effective date for preparatory activities of January 2, 2020, with an enactment date for the CCB of July 1, 2020, (for budgetary purposes), contingent on approval of Assembly Bill 533 or other enabling legislation that would effectuate the establishment of the new CCB agency. The Subcommittees also recommended approving the salary for each part-time board member at $20,000 per year with one part-time Chairman of the Board member at $27,500 per year (not including benefits) for yearly costs totaling $223,084 over the 2019-2021 biennium (inclusive of benefits). Those recommendations would reduce reserves by $1.8 million over the 2019-2021 biennium.

The Marijuana Regulation and Control Account (MRCA) and the proposed new CCB agency included a transfer of funding to the Distributive School Account for the support of K-12 education that had to be funded before any other appropriations were enacted to fund the state budget. Accordingly, the Subcommittees recommended approval to include language in the K-12 funding bill to fund the operations and regulation of the Marijuana Regulation and Control Account and the new Cannabis Compliance Board. In conjunction with the establishment of a new CCB agency, the Subcommittees also recommended eliminating the existing revenue officer position, which increased reserves by $101,784 over the 2019-2021 biennium; transferring one management analyst position, one tax program supervisor position, and two tax examiner positions from the MRCA to the Department of Taxation; and changing the funding source for those four positions from fees to General Fund appropriations totaling $1.3 million over the 2019-2021 biennium.

The Subcommittees also recommended approving the revised Department of Taxation cost allocation that would be reduced from $2.8 million to $89,608 over the 2019-2021 biennium and nine new positions as recommended by the Governor and revised by Budget Amendment A193114207 that reduced reserves by $1.6 million over the 2019-2021 biennium.

Lastly, the Subcommittees recommended approval of reserve reductions totaling $818,000 over the 2019-2021 biennium to support four new Peace Officer Standards and Training-certified compliance enforcement investigator positions, contingent upon the passage of enabling legislation, and provided Fiscal staff with authority to make other technical adjustments as necessary.

Senator Kieckhefer asked whether there was an overall increase in the General Fund for the Department of Taxation based on the closing items. He thought the Cannabis Control Board expenses were paid out of the marijuana wholesale tax.

Ms. Ortega responded that the Cannabis Control Board would be funded from the 15 percent excise tax on wholesale marijuana and some license fees and other fees that related to marijuana regulation.

There being no further questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES ACCEPT THE BUDGET CLOSING REPORT OF THE SUBCOMMITTEES ON GENERAL GOVERNMENT FOR THE DEPARTMENT OF TAXATION.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senators Goicoechea, Kieckhefer, and Settelmeyer voted no. Assemblymen Hambrick and Wheeler were not present for the vote.)
>
> BUDGETS CLOSED.

* * * * *

Chair Carlton said the next item on the agenda was the budget closing report from the Subcommittees on General Government for the Commission on Ethics.

SPECIAL PURPOSE AGENCIES
COMMISSION ON ETHICS
ETHICS - COMMISSION ON ETHICS (101-1343)
BUDGET PAGE ETHICS-3

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that the Subcommittees on General Government had completed their review of the Commission on Ethics budget for the 2019-2021 biennium. The closing recommendations of the Subcommittees resulted in additional General Fund appropriations of $1,970 in fiscal year (FY) 2020 and $2,745 in FY 2021.

The Subcommittees recommended approval of $4,715 in General Fund appropriations and $12,120 in local government reimbursements over the 2019-2021 biennium for additional information technology resources provided through the Division of Enterprise Information Technology Services (EITS), Department of Administration, not included in The Executive Budget. The Subcommittees did not recommend approval of additional staffing and training resources not included in The Executive Budget and also did not recommend approval for the Commission to transition to telephone service provided through EITS because of the cost-prohibitive infrastructure upgrades necessary to connect to the state telephone system. The Subcommittees recommended approval of other closing items and authorized Fiscal staff to make technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED THAT THE COMMITTEES ACCEPT THE BUDGET CLOSING REPORT OF THE SUBCOMMITTEES ON GENERAL GOVERNMENT FOR THE COMMISSION ON ETHICS.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)
>
> BUDGETS CLOSED.

* * * * *

Chair Carlton said the next item on the agenda was the budget closing report from the Subcommittees on General Government for the Nevada Commission on Judicial Discipline.

ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL DISCIPLINE (101-1497)
BUDGET PAGE JUDICIAL-72

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that the Subcommittees on General Government had completed its review of the Nevada Commission on Judicial Discipline budget for the 2019-2021 biennium. The closing recommendations of the Subcommittees resulted in reductions in General Fund appropriations of $53,780 in fiscal year (FY) 2020 and $44,150 in FY 2021.

Pursuant to *Nevada Revised Statutes* (NRS) 353.246, the budgets for the Judicial Branch were included in The Executive Budget but were not subject to review by the Governor; therefore, the budget as presented reflected the requests of the Commission. The Subcommittees recommended approval of base budget contract expenditures for special prosecutors, investigators, and court reporters at the FY 2018 actual expenditure level of $147,706 in each fiscal year of the 2019-2021 biennium that represented a reduction of $44,126 per fiscal year compared to the Commission's requested level of $191,832 per fiscal year.

Although the Subcommittees recommended approval of additional in-state travel of $15,547 in each fiscal year of the 2019-2021 biennium as requested by the Commission, it did not recommend approval of additional training of $10,590 in FY 2020 and $960 in FY 2021 as recommended by the Commission. Finally, the Subcommittees recommended approval of General Fund appropriations of $936 in each fiscal year of the 2019-2021 biennium not included in The Executive Budget for cell phones for the Executive Director/General Counsel and the Associate General Counsel positions only.

There being no questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEES ACCEPT THE BUDGET CLOSING REPORT OF THE SUBCOMMITTEES ON GENERAL GOVERNMENT FOR THE NEVADA COMMISSION ON JUDICIAL DISCIPLINE.
>
> SENATOR WOODHOUSE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)
>
> BUDGET CLOSED.

* * * * *

Chair Carlton said the next item on the agenda was the budget closings report from the Subcommittees on General Government for the Judicial Branch.

ELECTED OFFICIALS
JUDICIAL BRANCH
SUPREME COURT (101-1494)
BUDGET PAGE JUDICIAL-11

ELECTED OFFICIALS
JUDICIAL BRANCH
STATE JUDICIAL ELECTED OFFICIALS (101-1490)
BUDGET PAGE JUDICIAL-27

ELECTED OFFICIALS
JUDICIAL BRANCH
ADMINISTRATIVE OFFICE OF THE COURTS (101-1483)
BUDGET PAGE JUDICIAL-38

ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL PROGRAMS AND SERVICES DIVISION (101-1484)
BUDGET PAGE JUDICIAL-46

ELECTED OFFICIALS
JUDICIAL BRANCH
SPECIALTY COURT (101-1495)
BUDGET PAGE JUDICIAL-61

ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL SUPPORT, GOVERNANCE AND SPECIAL EVENTS (101-1493)
BUDGET PAGE JUDICIAL-65

ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL RETIREMENT SYSTEM STATE SHARE (101-1491)
BUDGET PAGE JUDICIAL-68

ELECTED OFFICIALS
JUDICIAL BRANCH
COURT OF APPEALS (101-1489)
BUDGET PAGE JUDICIAL-22

ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL SELECTION (101-1498)
BUDGET PAGE JUDICIAL-30

ELECTED OFFICIALS
JUDICIAL BRANCH
SENIOR JUSTICE & SENIOR JUDGE PROGRAM (101-1496)
BUDGET PAGE JUDICIAL-32

ELECTED OFFICIALS
JUDICIAL BRANCH
LAW LIBRARY (101-2889)
BUDGET PAGE JUDICIAL-34

ELECTED OFFICIALS
JUDICIAL BRANCH
UNIFORM SYSTEM OF JUDICIAL RECORDS (101-1486)
BUDGET PAGE JUDICIAL-51

ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL EDUCATION (101-1487)
BUDGET PAGE JUDICIAL-56

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that the Subcommittees on General Government had completed their review of the Judicial Branch budgets for the 2019-2021 biennium. The closing recommendations of the Subcommittees resulted in reductions in General Fund appropriations of $1.3 million in fiscal year (FY) 2020 and $796,982 in FY 2021 in the Judicial Branch budgets and increases in General Fund appropriations of $1.3 million over the 2019-2021 biennium in the Interim Finance Committee Contingency Account [*Nevada Revised Statutes* (NRS) 353.266] for a net decrease in General Fund appropriations of $852,212 over the 2019-2021 biennium when compared to The Executive Budget.

Pursuant to NRS 353.246, the budgets for the Judicial Branch were included in The Executive Budget but were not subject to review by the Governor; therefore, the budgets as presented reflected the requests of the Judicial Branch. The following comments described the more significant recommendations of the Subcommittees.

Issues Affecting Multiple Budgets: The Subcommittees recommended approval of reductions to reserves of $5,017 in FY 2020 and $44,247 in FY 2021 in the Uniform System of Judicial Records budget to fund staff travel to finalize the application process of the web-based case management system for the trial courts with operation in four courts in

FY 2020 and ten courts in FY 2021. The Judicial Branch discussed issues related to the upgrade of the system and was currently in negotiations with the vendor. If the negotiations failed or the completion of upgrades to the existing system were not successful, a new case management system requested by the Judicial Branch would be needed. Although the Subcommittees recommended approval of General Fund appropriations of $1.3 million over the 2019-2021 biennium for the new web-based statewide case management system, because of the uncertainty of the need for system replacement, the Subcommittees did not recommend approval of the General Fund appropriations in the Supreme Court budget with a corresponding redirection of administrative court assessment revenue to the Uniform System of Judicial Records budget to fund the system replacement. Instead, the Subcommittees recommended back language in the Appropriations Act to appropriate $1,290,292 from the General Fund to the Interim Finance Committee to fund the replacement of the Judicial Branch web-based case management system, if necessary, that would be available for the 2019-2021 biennium as requested by the Judicial Branch through correspondence with Fiscal staff.

The Subcommittees recommended approval of General Fund appropriations of $3 million over the 2019-2021 biennium in the Supreme Court budget with a corresponding redirection of administrative court assessment revenue of $2.1 million to the Administrative Office of the Courts budget and $928,460 to the Uniform System of Judicial Records budget to maintain operating reserve levels of 90 days in those budgets. The Subcommittees also recommended a corresponding request to the full money committees for a bill draft request to modify the administrative court assessment percentage distribution among the Judicial Branch budgets. Pursuant to NRS 176.059, not less than 51 percent of administrative court assessments were allocated to the Judicial Branch and distributed among the Judicial Branch budgets as follows: 36.5 percent to the Administrative Office of the Courts, Uniform System for Judicial Records, and Judicial Education budgets; 48 percent to the Supreme Court budget; 12 percent to the Specialty Court budget, and 3.5 percent to the Senior Justice and Senior Judge Program budget. Ms. Day mentioned that the percentages of the distribution of administrative court assessments as adjusted based on the recommendations of the Subcommittees could change based on final decisions made by the Legislature.

Ms. Day said the Subcommittees deferred the discussion related to the Judicial Branch's request to provide salary increases for 109 positions (60 unclassified and 49 nonclassified) effective July 1, 2019. The Executive Budget included General Fund appropriations of $3 million and reductions to reserves of $209,723 over the 2019-2021 biennium to fund salary increases for 62 positions at 20 percent, 1 position at 10 percent, and 46 positions between 4.1 and 5 percent as recommended by the Judicial Branch based upon a salary market survey completed in FY 2018 that was funded by the Legislature during the 79th Session (2017). The Supreme Court contracted with Trüpp HR, Inc. (Trüpp), a third-party consulting firm, and received Trüpp's Market Analysis Report on January 31, 2018. Trüpp gathered salary data for 15 position classifications within the Court, both classified and unclassified, and although the review of the Chief Marshal position concluded in insufficient data, sufficient data was available for the remaining 14 classifications and the results indicated that 4 met the market, 7 were behind the market, and 3 were ahead of the market. After receiving Trüpp's results, the Court collected supplemental salary data. In response to follow-up questions after the February 21, 2019, Subcommittees hearing, the Judicial Branch stated that although Trüpp's survey showed that three position series were ahead of the market, based on the Court's supplemental salary data, salary increases equivalent to one grade were recommended for the paralegal and judicial chambers assistant position series.

In response to a request by the Subcommittees, the Judicial Branch provided an alternative to the initial budget proposal that was independent of a cost-of-living increase that might be approved for all state employees, as follows:

- Modify the request for each position recommended for a 20 percent pay increase effective FY 2020 to a recommended increase of 10 percent in FY 2020 and an additional 10 percent in FY 2022.

- Modify the request for each position recommended for a 10 percent pay increase effective FY 2020 to a recommended increase of 5 percent in FY 2020 and an additional 5 percent in FY 2022.

- Positions recommended for a 5 percent or one-grade pay increase were recommended to remain as originally requested.

The alternative salary increase proposal would reduce the total request by $1.4 million over the 2019-2021 biennium to General Fund appropriations of $1.6 million and reductions to reserves of $128,527 over the 2019-2021 biennium. According to the Judicial Branch's alternative proposal, a subsequent request would be presented to the Legislature during the 81st Session (2021) to increase the salaries in FY 2022 as stated above.

Ms. Day asked whether the Committees wished to approve decision units Enhancement (E) 815 and E-849 in the various Judicial Branch budgets to provide salary increases for 60 unclassified and 49 nonclassified positions as recommended by the Judicial Branch. If so, the Committees might wish to consider the following:

1. Approve the salary increase proposal as originally recommended by the Judicial Branch.

2. Approve the alternative salary increase proposal as recommended by the Judicial Branch.

Staff requested authority to make technical adjustments to all Judicial Branch budgets affected by the Committees' closing action.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED TO NOT APPROVE DECISION UNITS ENHANCEMENT (E) 815 AND E-849 IN THE VARIOUS JUDICIAL BRANCH BUDGETS TO PROVIDE SALARY INCREASES FOR 60 UNCLASSIFIED AND 49 NONCLASSIFIED POSITIONS, AS RECOMMENDED BY THE JUDICIAL BRANCH.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

Chair Carlton asked for discussion of the motion.

Senator Woodhouse said the Legislature had struggled to identify funding for the 3 percent salary increase for all state and school district employees across the state of Nevada. She wanted the Legislature to remain consistent. All the employees in the Judicial Branch would receive the 3 percent salary increase as well. That was why she recommended the motion before the Committees today.

There being no further questions or comments, Chair Carlton called for the vote.

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

Ms. Day continued with the next item that was the budget for the Supreme Court.

Supreme Court (101-1494) JUDICIAL-11: The Subcommittees recommended approval of General Fund appropriations of $220,629 in FY 2020 and $199,220 in FY 2021 to fund modifications to the Multi-County Integrated Justice Information System contingent upon the approval of funding for modifications to the Department of Public Safety's Nevada Criminal Justice Information System to allow the Courts to continue to exchange information electronically. The Subcommittees also recommended approval of a General Fund appropriation of $200,517 in FY 2020 to upgrade the surveillance system at the Supreme Court Building in Carson City.

The Subcommittees recommended approval of General Fund appropriations of $187,666 over the 2019-2021 biennium to fund one new nonclassified marshal position in Carson City with associated operating, equipment, and uniform costs, and $13,150 over the 2019-2021 biennium to increase the salary of a nonclassified position in the Carson City Marshal's Office to elevate the position to a lieutenant. Finally, the Subcommittees recommended approval of additional travel for the chief marshal and training officer positions as requested by the Judicial Branch.

State Judicial Elected Officials (101-1490) JUDICIAL-27: The Commission on Judicial Selection received applications to fill any vacancy that occurred before the expiration of any term of office in the Supreme Court, the Court of Appeals, or among the district court judges, and selected three nominees to present to the Governor. The Subcommittees recommended the transfer of the entire Judicial Selection budget to the State Judicial Elected Officials budget as requested by the Judicial Branch.

Administrative Office of the Courts (101-1483) JUDICIAL-38: The Subcommittees recommended approval of reductions to reserves of $116,520 in FY 2020 and $130,268 in FY 2021 to fund a new auditor in the Court's Auditing Unit with related travel, training, operating, and equipment expenditures effective October 2019. The Subcommittees also recommended approval of $10,248 in FY 2020 and $6,618 in FY 2021 to fund additional Auditing Unit travel to allow staff to travel to courts around the state to perform higher-risk audits.

Judicial Programs and Services Division (101-1484) JUDICIAL-46: The Subcommittees recommended approval of the Judicial Branch's request for General Fund appropriations of $453,008 in FY 2020 and $497,480 in FY 2021 to fund the continuation of the Juvenile Dependency Mediation Program that assisted those involved in child abuse and neglect cases.

Specialty Court (101-1495) JUDICIAL-61: The Subcommittees recommended approval of General Fund appropriations of $640,716 in each fiscal year of the 2019-2021 biennium to replace Driving Under the Influence (DUI) fees of $100 per offense that were scheduled to sunset on June 30, 2019, pursuant to NRS 484.515. The funding increased Specialty Court operating expenditures by $779,575 and 1st quarter distribution operating reserves by $501,857 over the 2019-2021 biennium as requested by the Judicial Branch.

The Subcommittees also recommended approval of a decrease in General Fund appropriations of $571,988 over the 2019-2021 biennium to maintain a 90-day 1st quarter distribution operating reserve of approximately $1.5 million at the end of the 2019-2021 biennium consistent with the level approved by the Legislature during the 79th Session (2017) and Judicial Branch policy. The Subcommittees recommended approval of additional General Fund appropriations of $193,869 in FY 2020 and $100,474 in FY 2021 to increase the special reserve to the historical level of $300,000 in each fiscal year of the 2019-2021 biennium. The Subcommittees' recommendations resulted in a net decrease in General Fund appropriations of $277,645 over the 2019-2021 biennium.

Judicial Support, Governance and Special Events (101-1493) JUDICIAL-65: The Subcommittees recommended approval to use reserves of $95,000 in FY 2020 to fund a study to determine the scope and costs of developing a statewide electronic court filing solution for the trial courts that would allow the automated transmission of legal documents as requested by the Judicial Branch.

Judicial Retirement System State Share (101-1491) JUDICIAL-68: The Subcommittees recommended reductions in General Fund appropriations of $322,093 in FY 2020 and $154,372 in FY 2021 to align funding for the state's share of the unfunded liability portion of the Judicial Retirement System with the current actuarial valuation in FY 2020 and an updated three-year average for FY 2021.

There being no questions or comments, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED TO ACCEPT THE CLOSING REPORT OF THE SUBCOMMITTEES ON GENERAL GOVERNMENT ON THE JUDICIAL BRANCH AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
>
> ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

Chair Carlton asked for discussion of the motion.

Senator Kieckhefer said he was uncertain why the DUI fee was being discontinued in the Specialty Courts. He thought the General Fund could absorb that cost but it should otherwise be paid for by the offenders. He asked about the appropriation of money to the Interim Finance Committee (IFC) because it did not appear that the money would go to the Contingency Account [NRS 353.266], and funds could be released without action by the IFC and by the Fiscal Analysis Division staff communication.

Ms. Day responded that the funds would be appropriated to the Contingency Account [NRS 353.266], and if it was determined that the Court needed a replacement case management system, the Court would request an allocation from the Contingency Account [NRS 353.266].

Chair Carlton said the Committees held a number of discussions throughout the years about trying to not rely on offender fees because if no one did anything wrong then there was no money to support the program. If a program needed to be funded, then the Legislature should pay for it. The Legislature did not want to have a specialty court survive based on the fact that someone would do something wrong to pay for the budget. When no one did anything wrong then there was no money to support the court. That was why the Legislature was trying to transition to pay for programs that it believed were appropriate.

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

* * * * *

Chair Carlton said the next item on the agenda was the budget closings report from the Subcommittees on General Government for the Department of Tourism and Cultural Affairs.

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - STEWART INDIAN SCHOOL LIVING LEGACY (101-2601)
BUDGET PAGE TOURISM-11

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - TOURISM DEVELOPMENT FUND (225-1522)
BUDGET PAGE TOURISM-15

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - NEVADA MAGAZINE (530-1530)
BUDGET PAGE TOURISM-23

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - NEVADA HUMANITIES (101-2894)
BUDGET PAGE TOURISM-28

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - MUSEUMS & HIST-NV STATE RAILROAD MUSEUMS (101-4216)
BUDGET PAGE TOURISM-62

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - NEVADA ARTS COUNCIL (101-2979)
BUDGET PAGE TOURISM-73

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - TOURISM DEVELOPMENT (225-1523)
BUDGET PAGE TOURISM-21

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - INDIAN COMMISSION (101-2600)
BUDGET PAGE TOURISM-29

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - MUSEUMS & HISTORY (101-2941)
BUDGET PAGE TOURISM-38

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - MUSEUMS & HIST - LOST CITY MUSEUM (101-1350)
BUDGET PAGE TOURISM-43

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - MUSEUMS & HIST-NEVADA HISTORICAL SOCIETY (101-2870)
BUDGET PAGE TOURISM-48

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - MUSEUMS & HIST - NEVADA STATE MUSEUM, CC (101-2940)
BUDGET PAGE TOURISM-52

COMMERCE & INDUSTRY
DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS
TOURISM - MUSEUMS & HIST - NEVADA STATE MUSEUM, LV (101-2943)
BUDGET PAGE TOURISM-57

James Malone, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that the Subcommittees on General Government had completed their review of the budgets for the Department of Tourism and Cultural Affairs (DTCA). The closing actions taken by the members of the Subcommittees had resulted in a decrease in General Fund appropriations of $22,112 in FY 2020 and $36,098 in FY 2021 when compared to the Governor's recommended budget.

Stewart Indian School Living Legacy (101-2601) TOURISM-11: Because The Executive Budget did not include rent and operating expenditures to open the Stewart Indian School Living Legacy Museum approved by the Legislature during the 78th Session (2015), the Subcommittees recommended additional funding of $130,518 in FY 2020 and $113,864 in FY 2021 to fund public access on Monday through Friday from 9:00 a.m. to 5:00 p.m., using existing staff and exhibit construction to allow the museum to operate in a limited capacity. Additionally, the Subcommittees recommended approving split funding for the budget of 68 percent room tax revenues and 32 percent General Fund appropriations that resulted in overall General Fund reductions of $64,879 in FY 2020 and $76,015 in FY 2021.

<u>Tourism Development Fund (225-1522) TOURISM-15</u>: The Subcommittees recommended not approving the Governor's recommendations to transfer a part-time accountant technician position from the Nevada Magazine budget and to increase the position to full-time status.

<u>Nevada Magazine (530-1530) TOURISM-23</u>: The Subcommittees did not approve the Governor's recommendation to transfer an accountant technician position to the Tourism Development Fund budget, because the recommendation did not comply with the provisions of NRS 231.290 that required all financial activities of the Nevada Magazine be accounted for in the budget. Instead, to maintain reserve levels greater than 60 days, the Subcommittees recommended approval of $266,114 of room tax revenue transfers over the 2019-2021 biennium from the Tourism Development Fund budget to fund existing expenditures that included the position and other Nevada Magazine expenditures previously accounted for within the Tourism Development Fund budget such as personnel resources, website development, and maintenance costs. In addition, the Subcommittees recommended a letter of intent directing the agency to develop a long-term plan for financial stability in the budget and report to the Interim Finance Committee.

<u>Nevada Humanities (101-2894) TOURISM-28</u>: The Subcommittees recommended approval of providing the Nevada Humanities budget with an additional $25,000 of General Fund appropriations in each year of the 2019-2021 biennium for a total of $250,000 in General Fund appropriations over the 2019-2021 biennium to support the budget.

<u>State Railroad Museums (101-4216) TOURISM-62</u>: The Subcommittees recommended approval of $100,025 in General Fund appropriations over the 2019-2021 biennium to restore a maintenance repair specialist position at the Boulder City State Railroad Museum and a maintenance repair worker position at the East Ely Railroad Depot Museum as recommended by the Governor. In addition, as recommended by the Governor, as adjusted, the Subcommittees recommended approval of $27,034 in General Fund appropriations over the 2019-2021 biennium to fund two part-time museum attendant positions to expand the hours of operations to include Wednesday at the State Railroad Museum in Carson City.

<u>Nevada Arts Council (101-2979) TOURISM-73</u>: The Subcommittees recommended approval of providing the Nevada Arts Council budget with an additional $25,000 of General Fund appropriations in each year of the 2019-2021 biennium for a total of approximately $1 million in General Fund appropriations over the 2019-2021 biennium to support the budget. The Subcommittees recommended approval of all other closing items within the Department of Tourism and Cultural Affairs' budgets as recommended by the Governor with technical adjustments noted by staff and authorized Fiscal staff to make technical adjustments as necessary.

The Subcommittees recommended closing the following Department of Tourism and Cultural Affairs budgets as recommended in <u>The Executive Budget</u>, with minor or technical adjustments.

- Tourism Development (225-1523) TOURISM-21
- Indian Commission (101-2600) TOURISM-29
- Museums & History (101-2941) TOURISM-38
- Lost City Museum (101-1350) TOURISM-43
- Nevada Historical Society (101-2870) TOURISM-48
- Nevada State Museum, Carson City (101-2940) TOURISM-52
- Nevada State Museum, Las Vegas (101-2943) TOURISM-57

Assemblywoman Swank said the discontinuation of funding for the pilot school bus program was noted. That program was created to reimburse schools for the transportation costs to take 4th grade students to visit museums in the state. The program had been successful. In 2018, it brought over 5,000 students to the state's museums.

ASSEMBLYWOMAN SWANK MOVED TO ADD $250,000 TO THE MUSEUMS AND HISTORY BUDGET ACCOUNT 2941 FOR THE CONTINUATION OF THE PILOT SCHOOL BUS PROGRAM OVER THE 2019-2021 BIENNIUM AND THAT MONEY WOULD BE AVAILABLE IN EITHER YEAR OF THE 2019-2021 BIENNIUM.

Chair Carlton said the Legislature put significantly more money into the program when it was started during the 79th Session (2017). The motion was only one-half of the money that was provided originally to the program. She believed the amount would be sufficient when added to the existing balance to address all the 4th grade students who would be able to visit the museums.

SENATOR WOODHOUSE SECONDED THE MOTION.

Chair Carlton asked for questions on the motion.

Assemblywoman Titus said she looked at the fund map and noted that the Legislature funded $500,000 in the 79th Session (2017) but the program used $28,000 in one year and another $70,000 in the next year. She asked whether there was any remaining balance in the budget.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, responded that any funds that remained unused in the 2017-2019 budget reverted to the General Fund, and the budget would be starting fresh. Because the program did not generate the activity to use the full $500,000 appropriation, the recommendation was to approve only $250,000 for the 2019-2021 biennium that might reflect a truer need.

There being no further questions or comments, Chair Carlton called for the vote.

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

There being no further questions or comments on the closing report, Chair Carlton called for a motion.

> SENATOR WOODHOUSE MOVED TO ACCEPT THE BUDGET CLOSING REPORT FROM THE SUBCOMMITTEES ON GENERAL GOVERNMENT FOR THE DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS.
>
> ASSEMBLYMAN FRIERSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Chair Carlton said the next item on the agenda was three small closing differences that needed to be addressed.

REPORT ON BUDGET CLOSING DIFFERENCES

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that there were differences between how the Senate Committee on Finance and the Assembly Committee on Ways and Means closed three budgets.

GOVERNOR'S OFFICE OF FINANCE
Special Appropriations (101-1301)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Governor recommended a General Fund appropriation of $25,000 in FY 2020 to provide operational support for the Nevada Wing of the Civil Air Patrol (CAP). The CAP requested the $25,000 appropriation to be an ongoing appropriation, versus one-time funding because it had experienced a decrease in revenues generated by aviation fuel sales. Accordingly, the Governor recommended the appropriation to be ongoing in the first year of each future biennia. The Senate Committee on Finance approved the Governor's recommendation for the $25,000 appropriation to be ongoing in the first year of each future biennia as long as funding was available. The Assembly Committee on Ways and Means did not approve the appropriation to be ongoing, but rather approved the $25,000 as a one-time appropriation for the 2019-2021 biennium. If the Committees voted to make the appropriation ongoing, the funding for the budget should be included in the Authorizations Act rather than as a one-shot appropriation as it had been in prior biennia.

Chair Carlton said the Assembly decided to retain the one-shot funding to see where the balance was during the next session and did not want to commit to having it be an ongoing appropriation. The Assembly thought watching it every session to determine the appropriate dollar amount would be best.

Senator Woodhouse suggested that the Senate Committee on Finance should continue as it had in the past with the one-shot appropriation. She favored the idea that the Legislature would continue to monitor the funding. She thought it was appropriate to approve the continuation of the one-shot appropriation.

> SENATOR WOODHOUSE MOVED THAT THE SENATE COMMITTEE ON FINANCE CONCUR WITH THE ACTIONS OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS TO CLOSE BUDGET ACCOUNT 1301 AND APPROVE $25,000 AS A ONE-TIME APPROPRIATION FOR THE 2019-2021 BIENNIUM FOR THE CIVIL AIR PATROL.
>
> ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)
> BUDGET CLOSED.

* * * * *

GOVERNOR'S OFFICE
<u>Office of Workforce Innovation (101-1004)</u>

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Senate Committee on Finance did not approve the Governor's recommendation to convert three contract positions to nonclassified, full-time state positions resulting in a reduction in federal Workforce Innovation and Opportunity Act (WIOA) Reserve grant funds totaling $192,671 over the 2019-2021 biennium. Further, the Senate Committee on Finance approved the elimination of those three positions once the grants that currently supported those positions expired.

The Assembly Committee on Ways and Means also did not approve the Governor's recommendation to convert the three contract positions to nonclassified, full-time state positions. The Assembly Committee on Ways and Means approved the expiration of the contract employer engagement specialist position once the funding provided by the New Skills for Youth grant expired. However, the Assembly Committee on Ways and Means approved the continuation of the contract assistant coordinator position and youth apprenticeship and work-based learning navigator position after the existing federal Technical Readiness and Apprenticeship (TRAIN) grant expired, funded with Workforce Innovation and Opportunity Act (WIOA) Governor's Reserve grant funds totaling $87,429 over the 2019-2021 biennium. Both Committees did not approve converting those two full-time positions, but a difference occurred because the Senate Committee on Finance approved expiration of the positions once the current grant funds expired, and the Assembly

Committee on Ways and Means approved two of the three positions to continue through the end of the 2019-2021 biennium with WIOA funds.

Chair Carlton understood that the difference was that the Assembly Committee on Ways and Means agreed to the continuation of the assistant coordinator and the youth apprenticeship work-based learning navigator positions after the Technical Readiness and Apprenticeship grant expired, and those positions would be paid from General Funds.

Ms. Jones clarified that the salaries would be paid from WIOA Governor's Reserve grant funds of $87,429.

Chair Carlton understood and said those positions would be paid from the reserves.

Ms. Jones said two of the three positions were recommended to continue through the end of the 2019-2021 biennium with $87,429 to fill the gap between the expiring grants. The Assembly Committee on Ways and Means concurred with the Senate Committee on Finance that the employment coordinator position expired at the end of that grant.

Senator Woodhouse believed the two Committees were the same except for the learning navigator position. She asked whether the learning navigator position also expired when the grant expired.

Ms. Jones responded that the Assembly Committee on Ways and Means recommended that two positions continued after the grant expired. The youth apprenticeship and work-based learning navigator and the assistant coordinator positions would continue after the expiration of the grant using WIOA Governor's Reserve grant funds, but the Senate Committee on Finance decided those two positions would expire at the end of the current grant that supported those positions.

Chair Carlton suggested that the Assembly Committee on Ways and Means concur with the Senate Committee on Finance on the difference. There had been improvements in the management and philosophy of the agency. She believed that when the grants expired the positions should also be eliminated. If the Legislature determined that some positions needed to be backfilled, it could hold those discussions at another time. She said it was unknown what other grants might be available in the future. The change in leadership in that office was beneficial. The Assembly should agree with the Senate on the action.

There being no further questions or comments, Chair Carlton called for a motion.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CONCUR WITH THE SENATE COMMITTEE ON FINANCE'S CLOSING ACTION ON BUDGET ACCOUNT 1004.
>
> SENATOR DENIS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

STATE PUBLIC CHARTER SCHOOL AUTHORITY
State Public Charter Loan Program (101-2708)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Senate Committee on Finance approved the Governor's recommendation to close the State Public Charter School Loan Program budget as recommended by the Governor with authority to provide loans up to $200,000 in each year of the 2019-2021 biennium.

The Assembly Committee on Ways and Means approved placing the funding of $200,000 in each year of the 2019-2021 biennium in reserve. That action would require the agency to request approval from the Interim Finance Committee before using the funding.

There being no questions or comments, Chair Carlton called for a motion.

SENATOR WOODHOUSE MOVED THAT THE SENATE COMMITTEE ON FINANCE CONCUR WITH THE ASSEMBLY COMMITTEE ON WAYS AND MEANS' CLOSING ACTION ON BUDGET ACCOUNT 2708.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

Chair Carlton opened public comment.

Dagny Stapleton, Executive Director, Nevada Association of Counties (NACO), testified about the Medicaid budget account 3243. She thanked the Committees for the relief from the increase to the assessment. The increase was $12 million over what was presented earlier that had been an increase of $8 million. The total increase over the prior biennium would have been $20 million, but the Committees' action reduced the cost by $2.8 million allocated to the first year of the 2019-2021 biennium. The NACO wanted to continue to work with the Department of Health and Human Services to ensure that the projections and the caseload were accurate and that there were no surprises for the counties in the future. The counties still believed the projections were a moving target. Counties contributed about 20 percent of the nonfederal share of the Medicaid budget. The Medicaid assessment for the counties was the largest assessment from the state, and NACO wanted to have ongoing conversations about the matter.

Amber Howell Director, Human Services Agency, Washoe County, thanked the Committees for the assistance with the county assessments for the indigent hospital care for the first year of the 2019-2021 biennium. She was concerned with the ongoing costs in the second year of the biennium. The County hoped to work with the Department of Health and Human Services on the assessments. She also expressed concern about the no cap matter because that continued to grow and would cause the counties difficulties in developing the budget to pay for those types of increases. She looked forward to working with the Department to determine the amount of the assessment for Washoe County.

Kevin Schiller, representing Clark County, said he agreed with the previous two speakers' comments. He said Clark County remained committed to meeting the population's needs. Clark County shared the same concerns related to the cap and how to manage the indigent population while still delivering the services.

There was no further public comment. Chair Carlton announced some upcoming meetings for different committees. There being no further business before the Committees, Chair Carlton adjourned the meeting [at 1:47 p.m.].

RESPECTFULLY SUBMITTED:

____
Janice Wright
Committee Secretary

APPROVED BY:

____
Assemblywoman Maggie Carlton, Chair

DATE: ______________________________

____
Senator Joyce Woodhouse, Chair

DATE: ______________________________

EXHIBITS

Exhibit A is the Agenda.

Exhibit B is the Attendance Roster.