

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
May 25, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:13 a.m. on Wednesday, May 25, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

STAFF MEMBERS PRESENT:

Steven J. Abba, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Mindy Braun, Education Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Michael Archer, Committee Secretary

OTHERS PRESENT:

Mark Teska, Administrative Services Officer, Division of Parole and Probation,
Department of Public Safety
Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of
Education
Anne K. Loring, Washoe County School District
Joyce Haldeman, Clark County School District
Sabra Smith-Newby, City of Las Vegas
Robert A. Ostrovsky, City of Las Vegas
Terry R. Crawforth, Director, Department of Wildlife

CHAIR RAGGIO:

We will begin this meeting by hearing the budget closing items for the Department of Human Resources, Division of Health Care Financing and Policy.

STEVEN J. ABBA (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Committee has received copies of the Budget Closing Action Detail Report ([Exhibit C](#), original is on file at the Research Library). The major issues addressed by the Subcommittee for the upcoming biennium include Medicaid costs that were re-projected in April that are higher than recommended in the *Executive Budget*, a reduction in the Federal Medical Assistance Percentage (FMAP) which increases the amount of General Fund required to match federal Title XIX and Title XXI funds; a reduction in the amount of General Fund savings

that was included in the Governor's budget due to implementation of the Medicare Prescription Drug, Improvement and Modernization Act (MMA); the proposed expansion of health care coverage to new eligible groups through the Health Insurance Flexibility and Accountability (HIFA) waiver; the proposed redesign of the current delivery system for behavioral health services; and the Governor's proposal to cap enrollment in the Nevada CheckUp program.

The Subcommittee recommends numerous changes to the *Executive Budget* for the Committee's consideration. The recommended changes will increase General Fund support for the Division by approximately \$6.9 million over the 2005-2007 biennium. Although the Subcommittee's recommendation is to increase General Fund support, the increase is significantly lower than the \$28.7 million General Fund shortfall the Division projected in late April. The adjustments to offset the projected shortfall are discussed in more detail by budget account.

Health Care Financing & Policy — Budget Page HCF & P-1 (Volume II)
Budget Account 101-3158

The *Executive Budget* recommends a total of 12 new positions for the 2005-2007 biennium to support the Division's administrative infrastructure and to meet the federal requirements of the Payment Error Rate Measurement (PERM) program. The new positions include two positions for the budget unit, two positions for the information technology unit, one position for the rates and cost containment unit, two positions for the accounting unit, a program manager to develop, prepare and manage the HIFA waiver and four positions for the PERM program. The PERM program must be implemented by October 2006 and requires that states meet new and more onerous standards for the review of records. The program includes processing validation, medical reviews and eligibility verification. The intent of PERM is to establish national standards for acceptable error rates. The Subcommittee recommends approving 10 and eliminating 2 of the 12 new positions proposed in the *Executive Budget*. The two positions the Subcommittee recommends eliminating include one position for the accounting unit and one position for the PERM program.

SENATOR BEERS:

Please explain the PERM program.

MR. ABBA:

The PERM program is a new federal mandate. It impacts both the Division of Health Care Financing and Policy and the Welfare Division. It involves a more stringent requirement to review records to determine errors which may have been made in the eligibility process. Medicaid functional assessments are also reviewed under this process. The PERM mandates audit requirements for sampling specific numbers of cases. Regulations on how these audits will be performed are currently being drafted. The Division of Health Care Financing and Policy received federal money to hire an auditor position which the Interim Finance Committee (IFC) approved. This will allow Nevada to participate as a test state. The Centers for Medicare and Medicaid Services (CMS) has indicated it will take about an hour to review each case. Our impression is that it takes much longer than an hour. The intent of this process is to hold states accountable for specific error rates. A threshold for errors would be set and states would have to maintain within that threshold or they could be subject to penalties.

SENATOR BEERS:

The federal government feels we will save money by reducing errors. Since we were an earlier participant, do we have any early data about our error-rate level?

MR. ABBA:

Not yet. We do have information from reviews performed by the Welfare Division in conjunction with Medicaid eligibility determinations. That error rate was under 3 percent. The federal government has not yet established guidelines and is still in the process of setting up procedures and processes.

SENATOR BEERS:

Will this result in the State getting information on the error rates of each employee?

MR. ABBA:

Theoretically it could. The PERM will review not just eligibility but also the appropriateness of disability determinations.

SENATOR BEERS:

I would like the Committee to consider drafting a Letter of Intent to ask that the State compile this information on individual employees involved in making these determinations and present that information to the IFC.

MR. ABBA:

I think that would be feasible.

CHAIR RAGGIO:

This program went into effect a couple of years ago and now the federal government is enforcing it with new national standards. The states are required to report these errors and explain why they are occurring. If the errors continue, fiscal sanctions could be implemented.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3158 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 AND INCLUDE A LETTER OF INTENT REQUESTING INFORMATION REGARDING THE ERROR RATE OF INDIVIDUAL EMPLOYEES INVOLVED IN THE ELIGIBILITY DETERMINATION BE PROVIDED TO THE IFC.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MR. ABBA:

The Letter of Intent should be developed to also include the Welfare Division.

CHAIR RAGGIO:

I agree.

HR, HCF&P, Nevada Medicaid, Title XIX — Budget Page HC F&P-14 (Volume II)
Budget Account 101-3243

MR. ABBA:

Please refer to page 9 of [Exhibit C](#) for the Medicaid budget. In late April 2005, the Division presented information to the Subcommittee that projected a General Fund shortfall in the Medicaid budget of approximately \$28.7 million for the upcoming biennium. The shortfall is comprised of three primary parts: the projected increase in Medicaid expenditures for the upcoming biennium, estimated at approximately \$8.8 million; the reduction in the FMAP rate that increased the State's match requirement by approximately \$6.2 million in General Fund for FY 2007; and the revised estimate for the "clawback provision" of MMA that reduced the projected General Fund savings compared to the savings included in the *Executive Budget* by approximately \$13.7 million. The clawback provision is the estimated savings states will theoretically realize for no longer having to provide pharmacy coverage for dual eligibles who are Medicaid recipients and also eligible for Medicare.

To offset a significant portion of the shortfall, the Subcommittee recommends numerous adjustments to the Medicaid budget that reduce the projected General Fund shortfall from \$28.7 million to approximately \$10 million. The General Fund savings in other division budgets will further reduce the projected shortfall to approximately \$6.9 million over the upcoming biennium. The offsets in the Medicaid budget include adjustments to the inflation increases recommended for health maintenance organization (HMO) providers that were overstated and provide a savings of approximately \$13 million, an increase in the collection of drug rebates based on projected collections for FY 2005 that provides a savings of approximately \$3.5 million, the elimination of waiver slots that provides a savings of approximately \$1,530,000 and the transfer of an additional \$1 million from the Intergovernmental Transfer Program that will offset the General Fund in a like amount.

The Subcommittee recommends funding that would support Medicaid caseloads at 184,024 average monthly recipients for FY 2006 and 193,339 average monthly participants for FY 2007. The *Executive Budget* recommends a total of 20 new positions over the upcoming biennium, primarily for the Division's district offices to support caseload growth. The Subcommittee, after reviewing revised caseload projections and supporting justification provided by the Division, recommends approving 15 and eliminating 5 of the 20 new positions proposed by the Governor.

The Subcommittee recommends approving approximately \$3.3 million in General Funds for the additional costs associated with modifying the current delivery system for behavioral health services. The intent of this proposal is to allow for early interventions for children, adults and families to avoid the escalation of undiagnosed and untreated mental illnesses. To increase access to meet unmet behavioral health needs, the proposed redesign allows nonpublic providers to provide behavioral health care services and establishes service levels based on the intensity of need. In addition to expanding access, the funding the Subcommittee recommends provides for two new services: peer support and family support.

The Subcommittee recommends funding to expand the number of slots for the Community Home-based Initiative Program (CHIP), the adult group care and the

physically disabled waivers. The expansion will address growth in population as well as projected waiting lists. The Subcommittee recommends eliminating 70 waiver slots for the CHIP program and 17 waiver slots for the physically disabled waiver program. The reduction in waiver slots will provide for a General Fund savings of approximately \$1.53 million over the upcoming biennium and is based on revised waiting list projections and the revised caseload management plan developed by the Division for Aging Services.

The Subcommittee recommends mandatory rate increases for hospice, pharmacy, federally qualified health centers, Indian health services and tribal clinic providers pursuant to federal regulations and HMO increases for utilization and inflation. Additionally, the Subcommittee recommends discretionary rate increases for air ambulance providers, providers of mental health rehabilitative treatment services, home infusion therapy and personal care assistance services.

The Subcommittee also recommends consideration to provide funding to add residential habilitation and behavioral adult day care services to the physically disabled waiver to meet the needs of the brain-injured population. The funding for these services is not included in the Governor's budget, and the Subcommittee recommends this enhancement be placed on the priority list in the event that additional funding becomes available.

CHAIR RAGGIO:

Have we developed the priority list? Has the Residential Rehabilitation and Behavioral Adult Day Care Services been added to the Physically Disabled Waiver to meet the needs of the brain-injured population?

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Based on actions taken by the full Committee in the closing process, staff has identified approximately \$7.1 million in FY 2006 and approximately \$8.3 million in FY 2007 in what are termed high-priority funding needs. The services you mentioned have not yet been added to the high-priority list but will be added once the Committee takes action.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3243 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR MATHEWS SECONDED THE MOTION.

SENATOR TITUS:

I want to be sure the elimination of waiver slots for the CHIP program and the Physically Disabled Waiver program is necessary.

MR. ABBA:

This reduction in Medicaid is based on revised waiting list projections and a revised caseload management plan developed by the Aging Services Division to more closely reflect the amount of work its staff or it can perform. This is reflected in the Medicaid budget as a savings. On the Physically Disabled Waiver program, a new projection was provided to staff which showed the waiting list to be 17 slots lower than they thought it would be, so that is just a matter of more current information than what was used in building the *Executive Budget*.

SENATOR BEERS:

It does not make sense to me to add new services at this time. I will be voting against this.

THE MOTION CARRIED. (SENATOR BEERS VOTED NO.)

BUDGET CLOSED.

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HR, HCF&P, HIFA Medical — Budget Page HCF & P-31 (Volume II)
Budget Account 101-3247

HR, HCF&P, HIFA Holding Account — Budget Page HCF & P-44 (Volume II)
Budget Account 101-3155

MR. ABBA:

Please refer to page 21 of [Exhibit C](#) for the HIFA Medical budget account. The HIFA Holding Account is the account where the funding is disbursed to HIFA Medical, so I will discuss these accounts together. Please refer to page 25 of [Exhibit C](#) for budget account 101-3155. The Subcommittee recommends approving the Governor's proposal to expand health care coverage based on the findings developed by the Legislative Subcommittee to Study Health Insurance Expansion Options. The proposal will require the Division to pursue a HIFA waiver from the CMS. A HIFA waiver provides states flexibility to expand health care coverage, while limiting financial risk. Under HIFA, states are allowed to cap enrollment, reduce benefits, increase cost-sharing and redirect federal Title XXI and Title XIX funding to pay for services that benefit the population targeted for expansion.

The proposed expansion will cover three low-income populations and includes pregnant women with incomes from 133 percent of poverty up to 185 percent of poverty. The coverage will include full Medicaid benefits for pregnancy-related costs and two months of post partum care. It will cover approximately 2,000 births a month once fully implemented. The expansion will provide a premium subsidy for health insurance coverage in an amount up to \$100 a person each month, to employees and their spouses who work for employers with 2 to 50 employees and who have household incomes less than 200 percent of the federal poverty level. The cost of insurance coverage will be shared by the employee, the employer and the state. The expansion is also designed to extend Medicaid coverage for a single catastrophic event for qualified persons with incomes up to 150 percent of poverty.

To finance the expansion, the Subcommittee recommends approving the Governor's recommendation to use a combination of State General Funds, proceeds received from property tax levies that currently fund the indigent supplement account, and federal Title XIX and Title XXI funds. The State General Fund and the property tax proceeds will be used in equal proportions and are accounted for in the HIFA Holding Account. The Subcommittee recommends delaying the implementation of the pregnant women portion of the HIFA waiver until July 2006 to coincide with the implementation date for the other two coverage groups. The delay will generate a General Fund savings of approximately \$2 million over the 2005-2007 biennium.

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SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNTS 101-3247 AND 101-3155 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR MATHEWS SECONDED THE MOTION.

SENATOR BEERS:

This would make Nevada the only intermountain state to increase coverage criteria from 133 percent to 185 percent. I will be opposing this motion.

THE MOTION CARRIED. (SENATOR BEERS VOTED NO.)

BUDGETS CLOSED.

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HR, HCF&P, Nevada Check-Up Program — Budget Page HCF & P-35 (Volume II)
Budget Account 101-3178

MR. ABBA:

Please refer to page 27 of [Exhibit C](#) for the Nevada CheckUp budget account. As originally submitted, the Governor's budget recommends capping enrollment in the Nevada CheckUp program at 30,000 children for FY 2007. During the budget hearing process, it became clear the Governor's recommendation to cap enrollment would need to be lifted in order for the proposed HIFA waiver to be considered favorably by the CMS. In recognition of this concern, the administration has submitted several budget amendments requesting consideration to eliminate the proposed enrollment cap. The Subcommittee concurs with the administration's request and recommends approving funds to allow enrollment in the CheckUp program to increase to 29,332 children each month for FY 2006 and 31,229 children each month for FY 2007.

Similar to the Medicaid budget, the Subcommittee recommends adjustments to the inflation increases recommended for HMO providers, which were overstated. The adjustments provide for a General Fund savings of approximately \$1.7 million over the 2005-2007 biennium.

CHAIR RAGGIO:

I want to disclose that I serve on the board of a company that operates HMOs.

SENATOR CEGAVSKE:

We should include a Letter of Intent to ensure they are not using State dollars for outreach advertising. My other concern is that there is no clear way to determine if a person applying for the Nevada CheckUp services might also be receiving benefits from another state.

CHAIR RAGGIO:

Does the Division of Health Care Financing and Policy now use state dollars for advertising these services?

MR. ABBA:

I do not believe they are using state dollars. Great Basin Health Center used a federal grant to promote health insurance coverage for uninsured children. There are no dollars in this budget for outreach efforts. When the CheckUp program

was initially designed, the application process was simplified to expedite the eligibility process. While it is not an immediate process, it is done rapidly and is not as thorough as eligibility for other state programs.

CHAIR RAGGIO:

We will make it clear in the Letter of Intent that they will have no authority to use the funds budgeted in this account for outreach programs. We should also include that Nevada CheckUp requires a more thorough investigation of eligibility.

SENATOR COFFIN:

I am opposed to an idea of a Letter of Intent that prohibits an agency from trying to reach those in need of its services. In March 2004, Nevada was 41st in the country in the number of welfare recipients. I do not think this will bring people from California just to get this service. I do not think we should restrain them from applying for checkups by making the application process more restrictive. It is already illegal to receive these benefits fraudulently.

SENATOR BEERS:

You will find a close parallel between our ranking of 41st in the number of welfare recipients and the fact that we have a low percentage of people living in poverty in Nevada and also a low unemployment rate.

SENATOR COFFIN:

I will not support this proposal.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3178 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 ON CONDITION THAT A LETTER OF INTENT IS INCLUDED TO PROHIBIT STATE FUNDS TO BE USED TO ADVERTISE SERVICES, AND TO REQUEST THE DEPARTMENT OF HUMAN RESOURCES MORE EXPEDITIOUSLY DETERMINE IF AN APPLICANT IN THIS STATE IS RECEIVING BENEFITS FROM ANOTHER STATE.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TITUS, COFFIN AND MATHEWS VOTED NO.)

BUDGET CLOSED.

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Increased Quality of Nursing Care — Budget Page HCF & P-33 (Volume II)
Budget Account 101-3160

HCF&P Intergovernmental Transfer Program — Budget Page HCF & P-46
(Volume II)
Budget Account 101-3157

MR. ABBA:

Please refer to pages 32 and 34 of [Exhibit C](#). The Subcommittee reviewed the budgets for the Increased Quality of Nursing Care and the Intergovernmental Transfer Program. The Subcommittee recommends these budgets be closed

with technical adjustments. There is an additional \$1 million transfer from the Intergovernmental Transfer Program to the Medicaid budget, which offsets the General Fund.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNTS 101-3160 AND 101-3157 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 WITH STAFF TECHNICAL ADJUSTMENTS.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

Distributive School Account — Budget Page K-12 Ed-1 (Volume I)
Budget Account 101-2610

BOB ATKINSON (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The K-12/Human Resources Joint Subcommittee reviewed the budget for the Distributive School Account (DSA) and made a number of recommendations for the closing of that account. These Subcommittee recommendations result in increased General Fund expenditures in the amount of \$54.1 million for FY 2006 and \$61.1 million for FY 2007. The recommendations are detailed on the attached worksheet ([Exhibit D](#)).

The Budget Division submitted several amendments to the *Executive Budget*. The Subcommittee recommends approval of the amendments for inflationary increases in utilities of \$8.3 million for the biennium; and for correction of the salary increase related to the Public Employees' Retirement System (PERS) rate decrease at a cost of \$10.4 million for the biennium.

In addition, the Subcommittee received information on an omission of \$34.6 million each year that occurred during the preparation of the *Executive Budget*. While no formal budget amendment was presented, the Budget Division indicated its support for correction of that omission and the Subcommittee concurred. The Subcommittee made no decision on an amendment that was proposed to reduce the amount of funding provided for group insurance. The Subcommittee also considered, but made no recommendation regarding additional group insurance funding that could be made available through the IFC.

The Subcommittee approved the recommendation in the *Executive Budget* for a 2-percent salary increase each year of the upcoming biennium for school district personnel.

MINDY BRAUN (Education Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Subcommittee approved funding for early childhood education as recommended by the Governor. The Subcommittee also approved the continuation of all current evaluation requirements for a longitudinal evaluation

of the program and recommends adding language for the school funding legislation that will require the Department to review the outcome indicators for the program, establish minimum performance levels and increase the expected performance rates, as appropriate.

The Subcommittee approved the continuation of funding for retirement credits for high-impact positions, which include mathematics, science, special education, English as a second language and school psychology, and for personnel in at-risk schools as recommended by the Governor, with adjustments made to the costs of the program based upon updated projections from the Department. This decision required additional General Funds of \$11.9 million in FY 2006 and \$13.7 million in FY 2007. Decisions concerning the allocation of funds for personnel in at-risk schools were not made by the Subcommittee, and members noted that legislation concerning the retirement credits would determine the allocation of funds.

The Subcommittee continued funding for the class-size reduction (CSR) program as recommended by the Governor. In making this decision, the Subcommittee chose to hold making a decision concerning the policies of flexibility for CSR in school districts and the continuation of funding for 23.5 at-risk kindergarten teachers during the 2005-2007 biennium.

The Subcommittee approved ongoing funding for the Regional Professional Development Programs (RPDP), as recommended by the Governor, except for the northeastern RPDP. The Subcommittee approved funding for the northeastern RPDP, as recommended by the Governor, except the Subcommittee members authorized the northeastern RPDP to purchase four vehicles in lieu of leasing vehicles. In addition, the Subcommittee approved a Letter of Intent to be submitted to the northeastern RPDP indicating that if additional vehicles are needed, the request must come to the IFC for approval. Finally, the Subcommittee authorized the RPDPs to maintain an ending fund balance of no more than 5 percent of the total budget over the 2005-2007 biennium.

MR. ATKINSON:

The Subcommittee also approved two modifications to the recommended budget for the adult high school diploma program. First, the Subcommittee approved a request by the Department to transfer funding from this program to the continuing education budget account for the creation of a position to administer the program rather than contracting for those services. Second, the Subcommittee approved an additional \$1.9 million to support the adult high school diploma program at the youthful offender facility when it opens in FY 2007.

At the request of the Subcommittee, the Fiscal Analysis Division has worked with the Department of Taxation to reproject the impact of the property-tax relief approved in Assembly Bill 489. Based on additional analysis relating to the value of new construction and the impact of centrally assessed property, the revised projections result in an increase in the anticipated amount of property tax collections of 9.5 percent in FY 2006 over the FY 2005 amount; and an additional 7.7 percent in FY 2007. This results in a decrease in the General Fund requirement of \$4 million in FY 2006 and an increase of \$4.1 million in FY 2007 when compared to the Governor's recommendation.

ASSEMBLY BILL 489: Provides for partial abatement of ad valorem taxes imposed on property. (BDR 32-1383)

Staff has also recommended adjustments to the other revenue sources in the DSA as detailed in [Exhibit D](#). In addition, staff recommends the amount of funding provided to reimburse the school districts for the cost of subsidies for group insurance for retirees who participate in the Public Employees' Benefits Program (PEBP) be adjusted based on the actual costs in FY 2005, as adjusted for the approved increase in the base subsidy amount.

CHAIR RAGGIO:

The Chair recommends we continue to support those who are included in the Retirement Credit for High Impact Positions and personnel in At-Risk Schools. Since the funding would not change, can we close this budget without a determination on the policy of flexibility in class-size reduction?

MR. ATKINSON:

Yes, you could do that.

CHAIR RAGGIO:

The Department of Taxation has reprojected the impact of the property-tax relief legislation based upon the value of new construction and the impact of centrally assessed property. What is the net amount required as a result of that recalculation on the General Fund?

MR. ATKINSON:

The amount is \$150,276 over the biennium.

CHAIR RAGGIO:

What is the recommendation for the funding of subsidies for group insurance for retirees?

MR. GHIGGERI:

The Assembly has recently taken action to reduce the recommended amount by approximately \$1.1 million for FY 2005 in the subsidy for the group insurance for retirees who participate in the PEBP.

CHAIR RAGGIO:

The most efficient way to do this, because we are not sure of the rate of inflation, is to have additional group insurance funding be made available through the IFC.

SENATOR COFFIN:

Librarians are certified teachers and should be included in this subsidy. Are the librarians who serve in high-risk schools able to purchase the retirement credit?

MS. BRAUN:

The current legislation does not include librarians. There is a possibility that other legislation is pending which includes librarians in the funding. I will provide that information.

SENATOR RHOADS:

Many of the school districts in the rural counties are experiencing reduced student populations. Will the "hold-harmless" provisions still be in effect?

MR. ATKINSON:

The hold-harmless provisions are not a budgetary issue. They are part of statute.

CHAIR RAGGIO:

They are in effect for two years.

SENATOR CEGAVSKE:

The Assembly recommended changing the two-year provision to one year, and removing charter schools. The Senate did not agree.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-2610, THE DISTRIBUTIVE SCHOOL ACCOUNT, AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 AND INCLUDE: THE "HOLD-HARMLESS" PROVISIONS AS PRESENTLY AUTHORIZED BY STATUTE INCLUDING CHARTER SCHOOLS; ADDITIONAL GROUP INSURANCE FUNDING OF \$4 MILLION TO BE PUT IN THE IFC WITH THE SCHOOL DISTRICTS' ABILITY TO MAKE REQUESTS FOR THAT FUNDING; CONTINUED FUNDING FOR RETIREMENT CREDITS FOR AT-RISK SCHOOLS AS PRESENTLY AUTHORIZED UNDER LAW; THE AMOUNT RECOMMENDED FOR THE EFFECT OF THE PROPERTY TAX CAP BE CHANGED TO \$150,276; AND THE COST OF SUBSIDIES FOR GROUP INSURANCE FOR RETIREES WHO PARTICIPATE IN THE PEBP BE ADJUSTED BASED ON THE ACTUAL COSTS IN FY 2004-2005.

SENATOR COFFIN:

Can language be added to this motion to include librarians in the group insurance funding?

CHAIR RAGGIO:

We do not have a dollar amount for that funding.

SENATOR COFFIN:

I would like it included in later discussion.

CHAIR RAGGIO:

On May 9, 2005, this Committee heard Senate Bill (S.B.) 406 which provided for an advanced diploma for those who successfully completed a program of career and technical education. With the money saved from the property-tax recalculation, the Committee may want to consider using that funding for this bill. Would these funds have to go into the Distributive School Account?

SENATE BILL 406: Requires State Board for Occupational Education to prescribe program of career and technical education. (BDR 34-1307)

MR. GHIGGERI:

It would not be folded into the DSA calculation.

MR. ATKINSON:

I believe it should be appropriated to a different budget account at the Department of Education.

SENATOR TITUS:

Before I support this, I want to be sure that if there is additional money available, we can go beyond what the Governor has recommended for salary increases. I would also like clarification on the flexibility and class-size aspects of this action before I can decide how to vote on this recommendation.

CHAIR RAGGIO:

A better way to deal with the career and technical education issue is to not include it in this motion but rather amend S.B. 406.

SENATOR BEERS SECONDED THE MOTION.

SENATOR MATHEWS:

Will the librarians be included in this measure?

CHAIR RAGGIO:

They will be considered in other bills but are not included in this motion. I would like the Department of Education to provide information about the fiscal impact of including librarians in the retirement credit calculation.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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SENATOR COFFIN:

I have an emergency item I would like to bring to this Committee's attention. Last week, a bomb was found inside the foyer next to the elevator at the office of the Division of Parole and Probation in Las Vegas. The bomb was noticed, the building was evacuated and the bomb was disarmed before it could damage the building. Several other buildings have been damaged by vandalism. In light of this, the Department of Public Safety has asked for additional money to enhance their security systems. Though their budget was closed last week just before the bomb was located, I urge the Committee to reopen their budget.

CHAIR RAGGIO:

Perhaps we can approve a one-shot appropriation. What is the amount they are requesting?

MARK TESKA (Administrative Services Officer, Division of Parole and Probation, Department of Public Safety):

Our preliminary cost estimates for installing closed circuit television security systems at every Division of Parole and Probation office, except the central office, would be about \$150,000. Security cameras for just the Las Vegas offices would cost approximately \$50,000. We eliminated some security funding requests from our budget believing we would be getting a new building in Las Vegas. If that project is not approved, and we must stay at our current site, we will need approximately \$10,000 to \$20,000 more to secure the existing building.

MR. GHIGGERI:

It is the Committee's understanding that the Division of Parole and Probation will move from its current building in July 2006.

MR. TESKA:

The plan was to move as much staff as possible to existing buildings in the Las Vegas area.

MR. GHIGGERI:

There is a feeling at the Buildings and Grounds Division that the Division of Parole and Probation will no longer remain at its current site.

MR. TESKA:

The relocation to the Belrose offices is only a temporary solution.

SENATOR COFFIN:

Can the existing personnel monitor any security equipment you obtain, or would you need to hire new staff?

MR. TESKA:

We have not factored new staff into the estimate, but it would be difficult, with our current caseload, to ask the present staff to undertake these additional duties.

SENATOR COFFIN:

The mere presence of the security cameras should discourage some potential vandals.

CHAIR RAGGIO:

Please get more details about the fiscal impact and get back to us. We will now discuss S.B. 406. Was there a proposed amendment to this bill?

SENATE BILL 406: Requires State Board for Occupational Education to prescribe program of career and technical education. (BDR 34-1307)

ANNE K. LORING (Washoe County School District):

The proposed amendment is to change the language in section 8, line 44, of the bill from "shall" to "may."

CHAIR RAGGIO:

Is there an Assembly bill that accomplishes the same things as this legislation?

MS. LORING:

Yes, I believe it is currently being heard by the Assembly Committee on Ways and Means.

SENATOR COFFIN:

I think this program will benefit the schools.

CHAIR RAGGIO:

Should this funding be put in a special budget?

MR. GHIGGERI:

No. Once this legislation is passed, the Department of Education will record a work program in the budget titled Other State Education Programs (B/A 101-2699).

SENATOR TITUS:

Is this a one-shot appropriation or ongoing funding? If the wording is changed to "may," who will then make the determination of how the money is distributed? If the language becomes "may" rather than "shall," why do they even need the money?

MS. LORING:

Career and technical education programs are expensive. The "may" refers to the policy language. The school districts felt that putting curriculum into statute did not allow them flexibility when adding career and technical programs that might not currently be included in the statute yet might be valuable in their particular communities and local workforce. Part of the appropriation could be used as a fund to allow districts to start up new programs or expand existing programs.

MR. GHIGGERI:

Our information is that \$2.4 million per year will be utilized for new programs or expansion of existing programs, and the remaining \$3.6 million would be distributed based on prior-year enrollments in career and technical education programs.

SENATOR TITUS:

Would the money then go to the State? Who would distribute the funds to school districts producing the special degrees?

KEITH RHEAULT, PH.D. (Superintendent of Public Instruction, Department of Education):

Yes, that is the plan. The funds would go to the State.

SENATOR TITUS:

Could you fund this program with \$5 million rather than \$6 million each year?

DR. RHEAULT:

Yes, we would be happy to receive \$5 million a year.

SENATOR TITUS MOVED TO AMEND AND DO PASS S.B. 406 CHANGING THE LANGUAGE IN SECTION 8, LINE 44, FROM "SHALL" TO "MAY" AND APPROPRIATING \$5 MILLION IN EACH YEAR OF THE BIENNIUM.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR MATHEWS:

I have concerns about the language changes. When you offer an option of whether or not to do something, it is often not done.

CHAIR RAGGIO:

What effect will it have if we leave the wording as "shall"?

MS. LORING:

We will do what the Legislature directs us to do.

SENATOR TITUS:

I will be glad to amend the motion.

SENATOR CEGAVSKE:

How would this impact Clark County?

JOYCE HALDEMAN (Clark County School District):

We like this bill. However, there is not enough money for all the high schools. It will be counterproductive to mandate this type of program and then reduce funding for it. The only part of the bill we wanted as an option was the type of diploma the graduate received.

CHAIR RAGGIO:

This is an enhanced diploma. Why would you not want to offer it?

Ms. HALDEMAN:

If we are required to provide it at every high school, then the costs to do that need to be taken into consideration. The amount of \$5 million a year is not enough to offer this program in all high schools in the State. We can, however, continue to offer it at schools currently equipped for that curriculum.

SENATOR TITUS:

I withdraw my motion.

SENATOR COFFIN:

I withdraw my second.

DR. RHEAULT:

If the student meets the requirements, they will be issued the Career Technical Education (CTE) diploma.

Ms. LORING:

The current language in the bill states that if the student meets the requirement for a standard diploma and has six CTE classes, they "must" be awarded the advanced CTE diploma. The problem is the student who otherwise qualifies for an honors diploma or the State's advanced diploma, or a special education student who qualifies for an adjusted diploma, would each earn the six CTE credits. The way the statute is now worded, the student would have to receive a CTE diploma. However, the honors student, for example, might rather have an honors diploma than a CTE diploma for the purpose of obtaining a scholarship.

CHAIR RAGGIO:

What if we add language to the amendment that will allow those students to decide which of the diplomas they wish to receive?

Ms. LORING:

That would solve our problem regarding the diplomas.

CHAIR RAGGIO:

I suggest this appropriation not be used to supplant existing funding or for negotiations.

SENATOR RHOADS MOVED TO AMEND AND DO PASS S.B. 406 WITH AN AMENDMENT THAT: ALLOWS STUDENTS TO DECIDE UPON THE TYPE OF DIPLOMA THEY WISH TO RECEIVE AND WITH THE UNDERSTANDING THAT THIS WILL NOT REQUIRE EVERY SCHOOL

WITHIN A DISTRICT TO OFFER THIS CURRICULUM; AND APPROPRIATES \$6 MILLION IN EACH YEAR OF THE BIENNIUM AND THAT THIS MONEY NOT BE USED TO SUPPLANT EXISTING FUNDING NOR BE AVAILABLE FOR COLLECTIVE BARGAINING PURPOSES.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR TITUS:

What happens to the student who wants this degree but is zoned for a school where it is not offered?

MS. HALDEMAN:

In Clark County, the schools offering CTE are magnet schools where any student may apply for attendance.

SENATOR MATHEWS:

I am baffled at how long this school district has been trying to work out this issue of proper diplomas.

CHAIR RAGGIO:

Can the Department issue a single diploma with an endorsement recognizing the additional educational accomplishments?

MS. LORING:

The Assembly is proposing such a change.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR RAGGIO:

This Committee meeting will be in recess at 9:42 a.m. until the call of the Chair.

The Committee will come to order at 10:04 a.m. We will review the list of differences between the budget closings of the Senate Committee on Finance and the Assembly Committee on Ways and Means.

MR. GHIGGERI:

Please refer to my handout titled Senate Committee on Finance and Assembly Committee on Ways and Means Differences – May 25, 2005 ([Exhibit E](#)). I will begin with the Washington Office budget. The Senate closed the budget as recommended by the Governor. The Assembly recommended elimination of the funding for the office which would result in its closure on July 1, 2005.

CHAIR RAGGIO:

There has been ample testimony before this Committee that this is an effective office for Nevada. The Chair recommends we hold on our recommendation.

MR. GHIGGERI:

For the Office of the Lieutenant Governor, the Senate closed the budget with technical adjustments. The Assembly closed the budget with the same technical adjustments and reduced the in-state travel funding by \$3,965 in FY 2006.

CHAIR RAGGIO:

The Chair agrees with the Assembly recommendation.

SENATOR MATHEWS:

I also agree.

MR. GHIGGERI:

For the Controller's Office, the Senate approved the Governor's recommendation to provide a two-grade increase for certain accounting positions, including one chief accountant and seven accountants. This is due to the high turnover in these positions and the expertise required of these employees. The Assembly voted to provide a one-grade increase for these positions. The Senate approved the Governor's recommendation to provide \$6,004 over the biennium for additional contiguous space in the Grant Sawyer State Office Building for the Controller's Office and to pay associated moving costs. The Senate indicated if the funds were not used, they were to revert to the General Fund. Because there was some uncertainty about whether the needed space in the Sawyer Building would become available, the Assembly voted to eliminate this decision module from the Controller's Office budget allowing them to come before the IFC for funding if the move were to take place.

CHAIR RAGGIO:

Must the funding be provided if they come to the IFC?

MR. GHIGGERI:

In order to approach the IFC, they would have to obtain permission from the State Board of Examiners.

CHAIR RAGGIO:

As long as they have access to the IFC, we can approve this. How does the Committee feel about the one- or two-grade salary increases for the positions?

SENATOR COFFIN:

I suggest we hold with the Senate recommendation.

SENATOR BEERS:

I also recommend holding.

CHAIR RAGGIO:

We will hold with our position on the two-grade increase and agree with the Assembly on the office space.

MR. GHIGGERI:

Regarding the Education State Programs budget, the Senate approved General Fund support for a Grants Writer position beginning October 1, 2005, at a cost of \$62,452 in FY 2006 and \$77,829 in FY 2007. This includes furniture, equipment and operating costs. The Assembly has not yet heard their presentation.

CHAIR RAGGIO:

The Committee will hold our position on this recommendation.

MR. GHIGGERI:

For the Nevada State Library budget, the Senate closed the budget with technical adjustments. The Assembly closed the budget with the same technical adjustments and increased the General Fund appropriation in FY 2006 by \$1.2 million for "library collection development funding." The Senate has placed this funding on a priority list should the funds become available.

CHAIR RAGGIO:

The Chair suggests we keep this on the priority list until we know what we must fund.

SENATOR MATHEWS:

I agree with the Assembly recommendation.

SENATOR CEGAVSKE:

I also agree with the Assembly.

CHAIR RAGGIO:

I do not see the sense in adding this now, when we do not yet have a complete priority list. The Committee will hold to our previous recommendation on this.

MR. GHIGGERI:

The next item is the Nevada System of Higher Education (NSHE) budget, formerly called the University and Community College System of Nevada (UCCSN) budget, detailed on pages 7 through 9 of [Exhibit E](#). I suggest we defer further discussion of this until we are provided with additional information from the NSHE.

CHAIR RAGGIO:

I agree.

MR. GHIGGERI:

Regarding the Western Interstate Commission for Higher Education (WICHE) Administration budget, the Senate Committee on Finance did not approve the Volunteers in Service to America (Vista) volunteer hire recommended in the budget; however, the Committee did approve Great Basin Primary Care assigning an individual to be dedicated to assisting with WICHE issues. In return, WICHE would finance rent costs of \$6,000 per year, with total savings of \$11,041 in FY 2006 and \$11,151 in FY 2007. The Assembly did not approve the Vista volunteer or a Great Basin Primary Care position; instead, additional in-state travel funds were approved to provide for six one-day trips to Las Vegas by WICHE staff, saving \$17,041 in FY 2006 and \$17,151 in FY 2007.

CHAIR RAGGIO:

I suggest we hold with the Senate recommendation.

SENATOR COFFIN:

I would like the Committee to reconsider its recommendation in not approving the Vista volunteer.

CHAIR RAGGIO:

I would suggest we hold with the Senate recommendation, at least for the moment.

MR. GHIGGERI:

When the Committee closed the WICHE Loan and Stipend budget, the Senate approved seven new dental slots in each year of the biennium, with two dedicated to the Federal Matching Grant Program. The Assembly eliminated the seven dental slots recommended by the Governor in each year.

The Assembly eliminated the five new mental health slots recommended in the *Executive Budget* in each year of the biennium. The Senate approved the five slots recommended, all of which are dedicated to the Federal Matching Grant Program.

The Assembly eliminated the five pharmacy slots recommended by the Governor in each year of the biennium. The Senate approved the five pharmacy slots and recommended a Letter of Intent urging the WICHE Commission to review the newly accredited pharmacy school in Nevada for possible inclusion in the WICHE multi-state regional compact.

CHAIR RAGGIO:

Is the pharmacy school now accredited?

SENATOR MATHEWS:

Yes, it is.

CHAIR RAGGIO:

I would suggest we hold with the Senate recommendation on dental, mental health and pharmacy school slots.

SENATOR CEGAVSKE:

I still would like to see teacher/trainers included in the WICHE budget.

CHAIR RAGGIO:

Provide us with information on the fiscal impact of including those positions and we will discuss it.

MR. GHIGGERI:

Overall, in the WICHE Loan and Stipend budget, the Assembly closing recommendations result in a General Fund savings of \$140,853 in FY 2006 and \$236,002 in FY 2007, compared to the amounts recommended in the *Executive Budget*. The Senate closing recommendations result in additional General Fund support of \$18,547 in FY 2006 and \$50,798 in FY 2007.

For the budget of the Division of Child and Family Services, the Assembly recommended converting the Wraparound in Nevada (WIN) contract staff to state staff positions. The Senate wishes to retain the contract staff for the WIN program.

With regard to the budget for Northern Nevada Child and Adolescent Services, the Assembly suggested adding 26 new full-time equivalent (FTE) state staff positions. This would result in additional General Fund costs of \$193,799 in FY 2006 and \$281,719 in FY 2007.

In closing the Southern Nevada Child and Adolescent Services budget, the Assembly added 40 new FTE state staff positions. This would result in General Fund savings of \$43,091 in FY 2006 and additional General Fund costs of \$98,041 in FY 2007.

CHAIR RAGGIO:
What is the value of doing this?

SENATOR TITUS:
By converting to the state staff, rather than contract staff, it has helped recruit and retain people. This is important because we have had difficulty hiring qualified professionals in this field.

SENATOR CEGAVSKE:
One of the reasons we originally went to contract staff was because we could not get qualified state staff employees. It has helped us, and I think we need to stay with the contract staff.

SENATOR MATHEWS:
You may also want to consider that under the proposed *Executive Budget*, those state employees hired after July 1, 2005, will have such reduced insurance benefits after retirement it may be even more difficult to hire qualified people.

CHAIR RAGGIO:
We will hold with the Governor's recommendation on this issue.

SENATOR BEERS:
Are the dollar amounts Mr. Ghiggeri just provided, when discussing both the Northern and Southern Nevada Child and Adolescent Services, the net of the contract amounts?

MR. GHIGGERI:
That is correct.

CHAIR RAGGIO:
Is there a savings by adding the positions?

MR. GHIGGERI:
No, it would result in additional costs.

SENATOR COFFIN:
If you are considering both budgets together, there is a savings in the next fiscal year. It is probably easier to have state employees work late shifts than to use contract employees who tend to be less flexible in their working hours.

CHAIR RAGGIO:
I think we should adhere to the policy of not adding positions unless we need to do so because those positions will become permanent.

SENATOR COFFIN:
We should side with the Assembly recommendation on this. It is unlikely we will be reducing staff in the future given increasing caseloads and population growth.

MR. GHIGGERI:

For the Sexually Transmitted Disease Control Program, the Assembly closed the budget adding General Fund appropriation in the amount of \$284,549 in FY 2006 and \$461,783 in FY 2007 for projected caseloads for the Acquired Immune Deficiency Syndrome (AIDS) Drug Assistance Program (ADAP). The funding will provide AIDS medications, for 38 additional clients a month for FY 2006 and 65 additional clients a month for FY 2007.

The Senate closed this budget recommending a Letter of Intent be issued to the Health Division to request an IFC allocation for AIDS medications if caseload growth increases beyond available resources and a waiting list for services becomes a necessity.

CHAIR RAGGIO:

The Chair recommends this Committee agree with the Assembly on this.

MR. GHIGGERI:

For the Assistance to Aged and Blind budget, the Assembly closed the budget with a rate increase for Adult Group Care Facilities totaling \$16.60 each month, an increase in General Fund support of \$82,867 a fiscal year over the 2005-2007 biennium. This increase represents the difference in rate increases since 1987 compared with changes in the rate if it were based on annual Consumer Price Index increases. This funding represents an increase in the state portion of the rate, which is approximately 41 percent of the total rate. The Senate did not approve a rate increase. Both the Senate and the Assembly reduced funding from the Governor's recommended level based on a reduced caseload, resulting in a reduction of approximately \$94,000 in FY 2006 and \$98,000 in FY 2007.

Information came to light yesterday that indicates the amount of the rate increase for Adult Group Care Facilities should have been \$41 a month rather than \$16.60 a month. This would result in an additional amount of \$204,672 each year. Based on the Assembly's action, which would require an addition of \$121,805, staff would remind the Committee that funding was reduced from the Governor's recommendation based on the reduced caseload. As a result, if the Committee chooses to fund the increased rate at \$41 a month, there would be a need to add approximately \$100,000 in each year of the biennium.

CHAIR RAGGIO:

This budget should be approved with the adjusted amount of \$41 a month.

MR. GHIGGERI:

Regarding the Nevada Equal Rights Commission budget, the Assembly closed by modifying the revenue recommended in an enhancement in the Governor's budget providing for the Commission to accept funding from the U.S. Department of Housing and Urban Development (HUD) to investigate housing discrimination complaints, in the amount of \$86,250 in FY 2006 and \$115,000 in FY 2007. The Senate closed this enhancement as recommended by the Governor.

SENATOR BEERS:

Was this adding of two positions because the Commission would be taking over housing discrimination complaints from the federal government and in return the federal government was going to provide the state with funding?

MR. GHIGGERI:

That is correct. Legislation approved during the 2003 Legislative Session helped expedite and clear some backlogged complaint cases. The Commission was utilizing their existing funding from this source.

CHAIR RAGGIO:

They replaced the HUD revenue with what other revenue?

MR. GHIGGERI:

They replaced the HUD revenue with the Equal Employment Opportunity Commission (EEOC) revenue. There is no difference in the dollar amount, just the sources of the funding.

SENATOR BEERS:

Why did the Assembly choose to close the budget that way?

MR. GHIGGERI:

It is based on an Assembly bill that is currently on its way to the Senate, but I do not know the bill number at this time.

CHAIR RAGGIO:

The Chair suggests we get an explanation of this before we continue any further discussion.

SENATOR MATHEWS:

I wish to declare that my daughter serves on the Nevada Equal Rights Commission, but this will not affect my vote.

MR. GHIGGERI:

With regard to the Commission on Tourism budget, the Assembly and Senate Committees both approved the revised room tax revenue forecast developed by the Commission which increased projected room tax revenues by \$653,104 in FY 2005, \$1.27 million in FY 2006 and \$1.9 million in FY 2007. The increased revenue projection, coupled with reductions in the amounts recommended for expenditures, resulted in reserves in excess of the minimum \$1.4 million required. The Assembly budget closing would result in available room tax funds of \$3.5 million in FY 2006 and an additional \$1.8 million in FY 2007. The Senate closing would provide an additional \$2.4 million in FY 2006 and approximately \$650,000 in FY 2007. The major closing differences approved by the two Committees for the various enhancement units can be compared using the chart on page 4 of [Exhibit E](#).

CHAIR RAGGIO:

Two items the Assembly is most concerned about are the reduction in the amount of television advertising and the elimination of the Mexico office.

SENATOR COFFIN:

The Mexico office had been successful in convincing Mexicana Airlines to schedule nonstop flights between Mexico City and Reno.

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CHAIR RAGGIO:

Is the Mexico office funded by the Las Vegas Convention Authority?

SENATOR COFFIN:

Yes, it is.

CHAIR RAGGIO:

Please explain item number 7 on page 4 of [Exhibit E](#).

MR. GHIGGERI:

This has to do with rural grants. The Base Budget funding remains constant. However, the Governor recommended an enhancement, and the Assembly agreed with the Governor's recommendation. The Senate voted to reduce the enhancement by 33 percent.

CHAIR RAGGIO:

We will move on to the next budget closing differences.

MR. GHIGGERI:

Regarding the budget for Economic Development, the Assembly approved the increased funding for advertising, contingent upon receipt of matching funding from Regional Development Authorities (RDA), Sierra Pacific Power Company and other sources. The Senate approved the increased advertising funds utilizing contributions in the amount of approximately \$46,000 per fiscal year. The Assembly did not approve the \$10 million in new funding for the RDAs. The Senate approved the \$10 million in new funding for the RDAs with the requirement that quarterly reports be provided to the IFC.

The Assembly eliminated the increased travel and training funds of \$11,266 in each year of the 2005-2007 biennium. The Senate approved the increase of \$800 each year for training, reduced the increased travel funding by one-half and transferred all travel funds to the enhancement module for re-justification each biennium. What we noted was the Division of Economic Development would request enhanced travel funds in one biennium and roll those into the Base Budget in the next biennium and then request additional funds in the next biennium. There was a feeling the travel budget was being increased, over time, based on enhanced travel funding that was then left in the Base Budget after it was approved in a previous session.

CHAIR RAGGIO:

Is the big item in this budget the \$10 million in new funding?

MR. GHIGGERI:

That is correct.

CHAIR RAGGIO:

The Chair recommends the Committee hold the Senate recommendation on this item.

SENATOR COFFIN:

I need more information on what the Commission on Economic Development is doing with these funds.

SENATOR TITUS:

I voted against this when it was closed in the Finance Committee because this is \$10 million that goes to the bureaucracy in those agencies. I would rather see this \$10 million go toward grants where it is most needed.

CHAIR RAGGIO:

We will hold with our recommendation and have further discussion later.

MR. GHIGGERI:

For the Procurement Outreach Program, the Assembly did not increase General Fund support to make up the anticipated grant shortfall. The Senate added General Fund support of approximately \$10,734 in FY 2006 and \$17,454 in FY 2007 to make up the anticipated grant shortfall.

CHAIR RAGGIO:

We will hold on our recommendation.

MR. GHIGGERI:

With regard to the Southern Nevada Women's Correctional Center budget, the Assembly closed this budget by adding General Fund support of \$250,000 each year for transitional housing services for female inmates in southern Nevada. This action specifically identified the Educational and Vocational Opportunities Leading to Valuable Experience (EVOLVE) program operated by the City of Las Vegas. The Senate did not approve this funding.

SENATOR COFFIN:

This would enhance the program the City of Las Vegas has in place already and would help with the increasing caseloads. I ask the Committee to agree with the Assembly recommendation on the budget closing.

CHAIR RAGGIO:

The Capital Improvement Projects (CIP) budget approved money for planning this housing. How much was that?

MR. GHIGGERI:

That is correct. Approximately \$2.6 million was approved for the design of a women's reentry center in southern Nevada.

SENATOR COFFIN:

That project is two years in the future. I feel we should keep this program going until then.

CHAIR RAGGIO:

The problem is that once we begin this, we are committed to do it for the long term.

SENATOR BEERS:

There are plans for a similar facility to be built in Reno within the next two years.

SENATOR CEGAVSKE:

Las Vegas is doing this for the male prisoners; why have they not included female prisoners?

CHAIR RAGGIO:

The Senate Committee on Finance has not heard testimony on this budget item before today.

SABRA SMITH-NEWBY (City of Las Vegas):

The EVOLVE program currently serves both men and women. The women have some of the same problems as the men do in terms of mental health and substance abuse issues. However, they also have additional problems stemming from a history of domestic violence and abuse. They also have family reunification issues that must be addressed. This funding would be for a more intensive and directed program.

SENATOR CEGAVSKE:

If you serve both men and women, why are we receiving information that you are not funding the female clients?

MS. SMITH-NEWBY:

We are funding women. However, the current funding will not allow us to intensively address the needs I mentioned earlier.

SENATOR CEGAVSKE:

Why does Las Vegas not do that now?

MS. SMITH-NEWBY:

Our original program was funded through a U.S. Department of Labor earmarked grant which focused on making prisoners ready for employment. The issues of family reunification and domestic violence were not covered in that grant. The City of Las Vegas will put the personnel costs in its budget, so the state funds we are now requesting will go directly to the people who need the services.

SENATOR CEGAVSKE:

Should the City of Las Vegas also pay for those direct services?

MS. SMITH-NEWBY:

Las Vegas has taken on the additional costs of providing the personnel. The mental health and substance abuse problems of this prison population are normally a state responsibility; however, the City of Las Vegas has agreed to provide that support.

CHAIR RAGGIO:

What amount has Las Vegas agreed to contribute each year?

MS. SMITH-NEWBY:

It will require about \$500,000 each year to fund the eight positions.

CHAIR RAGGIO:

Before we change our position on this, we will need you to provide this Committee with a more detailed description of the costs of this program.

ROBERT A. OSTROVSKY (City of Las Vegas):

I strongly support the EVOLVE program and this request for funding.

SENATOR TITUS:

How many are in the EVOLVE program?

Ms. SMITH-Newby:

As of March 2005, we have served 60 women in the program. The balance of the caseload was men. With this funding, we hope to increase our caseload of women up to 75 each year.

CHAIR RAGGIO:

This is a program the State did not undertake. Now that the Las Vegas federal grant has run out, the State is being asked to fund a major part of this program. It is a good program; however, if we do this every time a federal grant to a local government runs out, it could be a problem. We will hold to our Committee recommendation on this budget item until you provide us with more information.

MR. GHIGGERI:

For the High Desert State Prison budget, the Assembly closed this budget by deleting the General Fund appropriation of \$513,739 in FY 2006 and \$1,047,606 in FY 2007. This had been recommended by the Governor for the support of 17 positions to implement a policy of "unit management" at this facility.

SENATOR CEGAVSKE:

I support the Assembly recommendation on this.

SENATOR BEERS:

This was a close vote in the Subcommittee.

SENATOR COFFIN:

I would like to hear more discussion on this.

SENATOR TITUS:

I served on the Public Safety Subcommittee, and I was convinced by testimony from the director of the Department of Corrections that the structure of this facility is different than other prisons. It is laid out in such a way that improved unit management is needed to maintain security.

SENATOR COFFIN:

It is a large prison with many places that are blind to surveillance. I believe we should approve this funding.

SENATOR BEERS:

This is an existing facility and funding as requested would result in a significant change in the way that facility will be staffed. Our concern was that if we approve this request, all the other facilities of the Department are going to ask for similar funding.

CHAIR RAGGIO:

We will hold with the Senate recommendation on this item.

MR. GHIGGERI:

Regarding the Division of Water Resources budget, the Senate increased General Fund support by \$1,110,118 in FY 2006 and \$894,543 in FY 2007, including 11 new FTE positions and technology investment. This additional funding was not included in the *Executive Budget*. The funding is intended to reduce the Division's backlog in conveyance reports and water right applications, help conduct field investigations supporting the adjudication

process and establish a state-of-the-art Web site. As a result of calculating salaries in the Budget Analysis System of Nevada (BASN), the General Fund appropriations decrease to \$1,022,634 in FY 2006 and \$821,981 in FY 2007. The Assembly did not include the additional funding for positions and technology.

CHAIR RAGGIO:

The Chair suggests we hold with our recommendation of this item.

MR. GHIGGERI:

In the Wildlife budget, the Joint Subcommittee on Public Safety, Natural Resources and Transportation closing recommendation included the restoration of lodging tax receipts in the amount of \$200,000 each year to be transferred from the Division of Tourism. The Subcommittee also approved \$300,000 for sage grouse habitat projects as recommended by the Governor in FY 2006 but split funding evenly between General Fund and Upland Gamebird fees transferred from the Obligated Reserve account. The Governor recommended 100-percent General Fund support for these projects.

Senate Finance voted to increase the Tourism transfer from \$200,000 to \$400,000 in each year, if sufficient funds are available, and restore the Governor's recommendation for 100 percent of the \$300,000 General Fund support for the sage grouse habitat projects.

The Assembly concurred with the Subcommittee's recommendation for \$200,000 transferred from the Division of Tourism each year and for \$150,000 of Upland Gamebird fees transferred from the Obligated Reserve in FY 2006, in lieu of General Fund, representing 50 percent of the funding total of \$300,000 for the sage grouse projects.

CHAIR RAGGIO:

What is the net difference between the Assembly and Senate recommendations on the Upland Gamebird fees?

MR. GHIGGERI:

It is about \$150,000 a year. The total amount of funding available to the Department of Wildlife would be the same, though the funding source would change.

CHAIR RAGGIO:

Is the transfer from the Obligated Reserve appropriate?

TERRY R. CRAWFORTH (Director, Department of Wildlife):

Our concern is that our new Upland Gamebird stamp fee has already been programmed into water development. We would have to retract that program in order to implement this recommendation. We have been proactive in our program to keep sage grouse populations healthy and off the endangered species list.

SENATOR RHOADS:

This fee has been in existence for two years, and it has been obligated to water programs. We should hold to our Senate recommendation.

MR. GHIGGERI:

The Wildlife Obligated Reserve budget was also heard by the Subcommittee. They recommended a transfer of \$150,000 in FY 2006 to replace General Fund in support of sage grouse projects in FY 2006. Senate Finance voted to restore 100-percent General Fund money for the projects. The Assembly agreed with the Subcommittee's recommendation.

CHAIR RAGGIO:

We will hold to our recommendation.

MR. GHIGGERI:

For the National Guard Benefits budget, the Senate and Assembly have closed this account together. The outstanding issue is the Assembly's actions on S.B. 78. Both Committees have authorized staff to remove General Fund support for this program with the exception of \$20,000 each year for summer school. The Senate has approved S.B. 78 which results in the removal of funding. The funding will be removed on the Assembly side if S.B. 78 is approved.

SENATE BILL 78: Makes permanent authority of Board of Regents of University of Nevada to grant waivers for registration and laboratory fees for active members of Nevada National Guard. (BDR S-89)

CHAIR RAGGIO:

We will hold to our recommendation on this issue.

CHAIR RAGGIO:

There being no further business before this Committee, we will stand adjourned at 10:56 a.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____