

MINUTES OF THE
INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE FOR FEDERAL STIMULUS OVERSIGHT
(A.C.R. 34, 2009 SESSION)
January 12, 2010

The fourth meeting of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight (A.C.R. 34) was held on January 12, 2010, in room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Pete Goicoechea
Assemblywoman Sheila Leslie
Senator Bernice Mathews
Senator Randolph Townsend

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Kelvin Atkinson
Assemblyman Marcus Conklin
Assemblyman Joseph Hardy
Senator Shirley Breeden
Senator Steven Horsford
Senator Michael Schneider

COMMITTEE MEMBERS ABSENT:

Senator William J. Raggio

STAFF MEMBERS PRESENT IN CARSON CITY:

Tracy Raxter, Assembly Fiscal Analyst, Fiscal Analysis Division
Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division
Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division
Donna Thomas, Secretary, Fiscal Analysis Division

EXHIBITS:

[Exhibit A:](#) Agenda and Meeting Packet

[Exhibit B:](#) Attendance Record

[Exhibit C:](#) Communication of Significant Deficiencies and Material Weaknesses Prior to the Completion of the Compliance Audit for Participants in the Office of Management and Budget, Single Audit Pilot Project for the Year Ended June 30, 2009 – Kafoury, Armstrong & Co.

- [Exhibit D](#): American Recovery Reinvestment Act – Report for Interim Finance Committee’s Subcommittee for Federal Stimulus Oversight Grant Allocations by Award and Implementation by Nevada School Districts
- [Exhibit E](#): American Recovery and Reinvestment Act – Kristen McNeil, Director of State and Federal Programs, Washoe County School District.
- [Exhibit F](#): Review of Plans and Spending of ARRA Funds – Jeff Weiler, Chief Financial Officer, Clark County School District
- [Exhibit G](#): Request for Information to the Subcommittee for Federal Stimulus Oversight– Lynn O’Mara, Director’s Office, Department of Health and Human Services
- [Exhibit H](#): State Controller, Activities for the Period Ending December 31, 2009 – Mary Keating, CPA, ARRA Reporting and Accountability Officer, Nevada State Controller’s Office
- [Exhibit I](#): State of Nevada – A Report to our Citizens on the Recovery Act
- [Exhibit J](#): Weatherization Apprenticeship – Thomas Morley, Laborers Local 872
- [Exhibit K](#): Stimulus Oversight Subcommittee Follow-up Questions – Department of Employment, Training and Rehabilitation

A. ROLL CALL.

The meeting of the Interim Finance Committee’s Subcommittee for Federal Stimulus Oversight was called to order by Chairwoman Smith at 1:39 p.m. The secretary called roll; all members were present except for Senator Raggio, who was excused.

B. APPROVAL OF MINUTES OF THE SEPTEMBER 24, 2009, MEETING.

Chairwoman Smith called for approval of the minutes from the September 24, 2009, Interim Finance Committee’s Subcommittee for Federal Stimulus Oversight meeting. She asked if there were any additions or corrections to the minutes.

Assemblyman Conklin asked the Chair if she wanted a motion to approve the September 24, 2009, meeting minutes. Chairwoman Smith stated that she would consider the minutes approved as presented if there were no additions or changes.

C. SINGLE AUDIT INTERNAL CONTROL PROJECT – AREA PROGRAMS, REPORT ON SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES.

Paul Townsend, Legislative Auditor, Audit Division, Legislative Counsel Bureau, introduced Shannon Ryan, Audit Supervisor, Audit Division, who was the Single Audit Internal Control Project Coordinator.

Mr. Townsend referenced a report titled, *Communication of Significant Deficiencies and Material Weaknesses Prior to the Completion of the Compliance Audit for Participants in the Office of Management and Budget, Single Audit Pilot Project for the Year Ended June 30, 2009*, ([Exhibit C](#)). Providing some background, Mr. Townsend stated that the

Audit Division was responsible for a single audit conducted each year to ensure the expenditures of federal funds in the State of Nevada are in compliance with federal requirements. The Single Audit Pilot Project was performed by the certified public accountant firm of Kafoury, Armstrong & Co., under contract with the state. The auditors perform pursuant to guidance issued by the Federal Office of Management and Budget (OMB) and the audit was due nine months after the end of the fiscal year, which was March 31, 2010. In addition, guidance was issued by OMB that was specific to internal control over expenditures of the American Recovery and Reinvestment Act (ARRA) awards.

Mr. Townsend noted that Nevada was one of 16 states that volunteered to participate in the Single Audit Pilot Project. He indicated that the OMB hoped to get 10 states to participate and surpassed that goal by getting 16 states to participate in the audit. Mr. Townsend explained that the intent of the audit was to gather more timely communication of significant deficiencies and material weaknesses in selected major programs with ARRA expenditures, which allowed agencies to correct internal control deficiencies, related to ARRA funds in a timely manner and reduce potential unallowable costs. Each participating state selected at least 2 of 11 ARRA programs that were suggested by the OMB. Generally, the communication of significant deficiencies and material weaknesses were made at the end of an audit, which was March 31, 2010, and communication for the audit was due by December 31, 2009, so the items were available three months sooner. The deficiencies and weaknesses found were submitted to the OMB and evaluated for the success of the Single Audit Pilot Project.

Concluding his presentation, Mr. Townsend said that the Single Audit Pilot Project was a voluntary effort that was not possible without the participation and cooperation of a number of entities, including the State Controller, State ARRA Director, Department of Employment, Training and Rehabilitation (DETR), Nevada Department of Transportation (NDOT), and staff at the Department of Administration. In addition, Mr. Townsend recognized Kafoury, Armstrong & Co. for revising their work schedule to facilitate the timely completion of the Single Audit Pilot Project. The audit identified seven significant deficiencies; three related to the Unemployment Insurance (UI) program; and four related to the Highway Infrastructure Investment Recovery Act program. Mr. Townsend stated that representatives from the agencies would be discussing the findings of the audit in detail, but a common finding was the correct and accurate identification and reporting of ARRA funds to be included on the Schedule of Expenditures of Federal Awards (SEFA), which was a major component of the Single Audit Pilot Project. Mr. Townsend stated that corrective action could take place sooner by reporting these weaknesses through this communication, and the responses to the findings from DETR and NDOT were included in the report and indicated that corrective action was underway.

Chairwoman Smith asked if the Single Audit Pilot Project was part of a normal audit process. In addition, she wondered if there was any additional funding involved for Kafoury, Armstrong & Co. for the audit. Mr. Townsend replied that the audit would have been done at a later date; however, Kafoury, Armstrong & Co. was able to revise their work schedule to complete the audit sooner with no additional costs to the State.

Department of Employment, Training and Rehabilitation Unemployment Insurance Program

Larry Mosley, Director, Department of Employment, Training and Rehabilitation, attending the meeting in Las Vegas, introduced Duane Anderson, Chief Auditor, also attending in Las Vegas. Present in Carson City was Cindy Jones, Deputy Director, DETR, and Administrator, Employment Security Division (ESD), and Ardell Galbreth, Deputy Director, DETR, who had large oversight of the workforce programs.

Mr. Mosley stated that DETR was one of the agencies that volunteered for the Single Audit Pilot Process because it was an opportunity to ensure that DETR's internal controls were in compliance with federal guidelines.

Cindy Jones, Deputy Director, DETR, and Administrator, ESD, introduced Renee Olsen, Chief Financial Officer, DETR. Ms. Jones appreciated the opportunity to participate in the audit, which provided an opportunity to detect any internal control issues and identify weaknesses. DETR was able to identify three areas of weakness within the Unemployment Insurance (UI) program. The first weakness identified has to do with the resolution of identity based on information obtained through cross matches with other systems to ensure people filing for unemployment were truly who they said they were, which was important given that DETR has a telephonic and electronic filing system. She noted that DETR has UI claims in their system regarding the identity of a person and the system did not indicate whether the issue was resolved by the examiner. Ms. Jones said the weaknesses identified were a training issue and DETR doubled their efforts training in that area to ensure that policy and procedures were followed. In addition, DETR issued new field guidance to staff to remind them of the importance of validation of identity checks.

Another area of weakness identified has to do with programming issues regarding the Federal Additional Compensation (FAC) payment of \$25 that was added to all other UI benefits. Ms. Jones stated that currently the state was in the most complicated UI system since implementation of the program 75 years ago, and the state was issuing payments under four different federal extensions – the \$25 additional federal claim benefit, in addition to the regular UI benefits. She noted that DETR tried to program for every possible occurrence, but a scenario was missed and a claimant had a stale-dated check that was reissued with an additional \$25 payment causing overpayment. Since, DETR's programming has been refined and corrected to ensure that overpayments do not reoccur in the future. Ms. Jones indicated that only four percent of claims were paid by check due to successful implementation of the debit card payment program.

Renee Olsen, Chief Financial Officer, DETR, stated that the deficiencies reported were corrected and an amended report was resubmitted along with implementation of an additional review process for submitting the reports. Ms. Olsen explained that the deficiencies partly stemmed from a misunderstanding of unemployment funding streams reported under ARRA, which were also reported under regular UI benefits.

Chairwoman Smith was appreciative of the entities that volunteered to participate in the single audit, because that type of investment provided for a better quality of work. She said that the language in the audit report stated the problem appeared to be systemic. She wondered if the state lacked the capacity to deal with the audit, or was the state not set up to deal with it in the way the federal government wanted it handled for audit purposes.

Mr. Townsend explained that the language in the audit report was fairly standard language. He believed the point of the language was to determine whether the issues were isolated occurrences and if the system of internal controls needed correction through programming and work process changes. Mr. Townsend stated that was the nature of the description of the findings in the audit.

Chairwoman Smith stated that a newspaper article recently reported a few problems with UI claims and the overpayments due back to the state. She wondered if this type of finding in the audit would help prevent those problems.

Mr. Mosley replied that DETR was mandated by the federal government to pay UI claims to claimants that appear to be valid. If for some reason an employer disputes a claim, DETR must continue to pay the unemployment claim until after the dispute was found valid. He indicated that DETR had a team in place to look at all of the internal programs, specifically in the UI area, to understand the strengths, weaknesses and opportunities within the program, and based on the findings, an expert would provide counseling on business process reengineering. He noted DETR was dealing with an information technology (IT) system and internal processes that were over 30 years old, and his objective was to ensure there were definite processes in place by the end of 2010.

Ms. Jones added that she could not discuss the UI claims identified in the newspaper article that Chairwoman Smith referenced, but she could say they were separate issues. She noted that one of the cases reported involved validating an individual's identity. She indicated that the system worked properly and a claimant was disqualified because they were unable to demonstrate they were legally entitled to UI benefits. She noted that the issues were related – showing the areas where the system did work, but there were always areas for improvement, such as modernizing the processes along with modernization of the systems. Ms. Jones explained that DETR was federally required to continue paying UI benefits even if the claim was in the appeals status, and overpayments were part of the system. Often, an employer and a dislocated worker

differ on the reasons surrounding a person's separation, which was the basis for the appeals level in the system. The appeals level offered the opportunity of a review of the facts around the separation, and because of the nature of the system, there would always be overpayments due back to the state.

Chairwoman Smith asked Ms. Jones if she was comfortable that all of the issues identified in the Single Audit Pilot Project could be addressed. Ms. Jones was definitely grateful that the issues were identified before there was an opportunity for financial losses. She added that DETR has implemented all the necessary corrective actions.

**Department of Transportation
Highway Infrastructure Investment Recovery Act
Highway Planning and Construction Program**

Robert Chisel, Assistant Director of Administration, Nevada Department of Transportation (NDOT), introduced Felicia Denney, Financial Management Division, NDOT. He thanked the Committee for taking the time to review the audit in which NDOT volunteered to participate. He would briefly explain the four findings that Kafoury, Armstrong & Co. found in the Single Audit Pilot Project, page 71 ([Exhibit A](#)). He noted that the first finding (09-4) was in regard to the single audit reporting form; NDOT forgot to check a box in the reporting form that was required if the funds involved ARRA funds. As a result of that finding, a procedure was implemented to ensure the form was properly filled out before submitting.

The second finding (09-5) had to do with the Catalog of Federal Domestic Assistance (CFDA) number. He noted that most NDOT funding went through one CFDA number (20.205) and the number was not included in all agreements with the local governments; therefore, NDOT changed their agreement shell so that CFDA number was included on all shells.

The third finding (09-6) was regarding NDOT not having adequate policies and procedures in place to ensure that all costs charged to federal programs were reviewed and approved by someone knowledgeable about the award prior to payment. Mr. Chisel stated that NDOT struggled with this issue and continued training was provided for NDOT's resident engineers and other crews to ensure they were charging proper items to projects. In addition, NDOT has taken steps to eliminate the ability in the system to charge operating expenditures to projects.

Mr. Chisel said the final finding (09-07) had to do with the Davis-Bacon Act, and the fact that NDOT was not receiving weekly certified payroll reports from the contractors. He clarified that NDOT received all certified payrolls reports; however, they were not received weekly. He indicated that contractors were making their proper payroll expenditures in accordance with the prevailing wage. Mr. Chisel stated that NDOT was in the process of educating their contractors and resident engineer crews to ensure certified payrolls were received on a weekly basis. He believed part of the problem was

a result of confusion with the language in Nevada statute that certified payrolls be submitted monthly, causing confusion between the federal regulations versus Nevada statute. Mr. Chisel noted that the situation has been addressed and he believed that issue would be resolved soon. In addition, NDOT has implemented a tracking system that contractors utilized to submit their payrolls electronically, which was part of the bids, allowing a more streamlined bids submission process for certified payrolls.

Chairwoman Smith thanked the presenters for their testimony and for correcting the findings and weaknesses found as a result of Single Audit Pilot Project.

D. REVIEW OF PLANS AND SPENDING OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS.

Office of the Governor, Department of Education, and the Nevada System of Higher Education, State Fiscal Stabilization Fund

Charles Harvey, State ARRA Director, introduced Evan Dale, Administrator, Administrative Services Division, Department of Administration.

Evan Dale, Administrator, Administrative Services Division, Department of Administration noted that Phase II of the State Fiscal Stabilization/Education Stabilization Grant application was recently submitted and pending funds were approximately \$107.0 million. The grant was submitted within the required timeframe and he received correspondence from the Department of Education that everything appeared to be on track for receipt of the funds.

Chairwoman Smith said she received a copy of the reporting requirements of the Phase II, State Fiscal Stabilization/Education Stabilization Grant, which were fairly intense. She was currently reviewing the grant, which was also available for review by members.

Department of Education

Dr. Keith Rheault, Superintendent of Public Instruction, stated that the Department of Education (Department) worked closely with the Budget Office, Department of Administration, on the Phase II Stabilization grant. He stated that Phase II was a data collection and reporting requirement based on the four assurances associated with the stabilization funds. He believed the Department either verified or provided the data, and in cases where they could not provide the data, there was a plan to have the data in place by September 2011. Dr. Rheault stated that the state's plan was recently due and he believed the U.S. Department of Education would approve the plan detailing strategies for the Phase II funding. However, the federal government has not provided specific instructions on when the actual approval from the U.S. Department of Education would occur. He indicated that the only thing the Department could go by was that the funding was tied to criterion that the Phase II plan had to be in place in order to be

eligible for the Race-to-the-Top (RTTT) funds, which he planned on having by April 2010. Dr. Rheault hoped by submitting the grant application early, the application would be reviewed through a peer review panel and the Department would receive approval prior to April 2010.

Chairwoman Smith understood there was concern that states that submitted their first round grant funding applications to the U.S. Department of Education for RTTT funds would have priority for their awards and possibly push Nevada's Phase II application back.

Dr. Rheault commented that he has not heard any of that discussion and was told there would only be one peer review panel to review all the applications, regardless of when the application was submitted.

Chairwoman Smith asked about the progress of implementing a statewide longitudinal data system, which was one of the four requirements for Phase II. She believed that December 2009 was the target date for the ability of the system to correlate student achievement with teachers, which was necessary in order to move forward. Dr. Rheault was aware that the Department was addressing that issue, although he did not have the specifics with him. All teacher information that could link to students was in the system and he believed that piece would be in place soon. As far as the assurances the Department was required to submit under the ARRA reporting guidelines – there were 12 or 14 elements under the America COMPETES Act the state had to have in their longitudinal data system. The data that the Department could not fully comply with was primarily linked with the longitudinal student data from K-12 to higher education, which the Department was addressing under their current longitudinal system data grant. In addition, the Department submitted a new competitive grant for an additional \$10.0 million to finish the linkage. If the state received that grant award they could use some of the money from RTTT for other purposes. Dr. Rheault was hopeful the state would receive the additional grant to complete the entire project. With the additional grant, the state would have everything required under the America COMPETES Act and would be in good shape for any data requests required by the state or federal government.

Chairwoman Smith stated that a recent report showed Nevada lacked completion of the longitudinal data system, which had to be in place for the RTTT Phase II grant. However, other national rankings showed that Nevada was ready in that category. Dr. Rheault said he was interested in seeing the report Chairwoman Smith was referencing. He was aware of the national report that indicated Nevada had eight of the ten elements needed and was one of the top ten states in line for the grant. Chairwoman Smith said she would provide the national report to Dr. Rheault.

Chairwoman Smith asked Dr. Rheault if he could explain what would happen if there were budget cuts and how those cuts might impact the state's maintenance of effort (MOE) requirement for Phase I and Phase II funding. Dr. Rheault replied that he was

aware the MOE was based on the state being able to maintain the same percentage of funding that goes to K-12 and higher education combined. He believed the state had a \$40.0 million surplus above the percent they had to maintain in order to meet the MOE. He did not believe the budget cuts were a problem as long as the state was cut at the same percent if they had to reduce funds, because that was what the memorandum of understanding spelled out. However, if the state fell one tenth below the percent they were providing, then the state would be out of compliance and it was like a shifting target. If K-12 and higher education were cut at a higher percent beyond the \$40.0 million above the threshold, then he believed it would be a factor to consider that would put the stabilization funds in jeopardy.

Chairwoman Smith stated that the RTTT application was another issue discussed at the Governance and Oversight of the System of K-12 Public Education interim committee meeting. She asked Dr. Rheault to provide an update on the RTTT application.

Dr. Rheault responded that he would briefly discuss the material contained in the meeting packet, and spend most of his discussion on the RTTT application and School Improvement Grants (SIG), since those grants were not previously discussed.

Dr. Rheault directed the Committee to page 83 of the meeting packet, [Exhibit A](#). He noted that the first page was the summary of the ARRA education funding for Nevada. He indicated that all of the grants were discussed at previous meetings as far as the support, and the two grants not previously discussed in detail were the Title I School Improvement Grants (SIG), which he would discuss later in the meeting, along with the RTTT funds. Pages 85 through 87 provided a summary of the funds expended to date. He noted there was concern about the amount of funds that have actually been expended, versus awarded, and there were budgets for all of the grants. In some cases, school districts were using the grant funding to hire additional personnel, and all schools receiving grants had plans in place for expending the funding. He explained that the state could not request the funding until there were plans for expending the funding, and money could not earn interest, which was the same for all other federal program funds received through the Department of Education.

Continuing, Dr. Rheault referred to page 89, which displayed a summary of the RTTT grant selection criteria and showed Nevada's strengths and weaknesses as identified by the U.S. Superintendent of Public Instruction. Dr. Rheault said he discussed the strengths and weaknesses in the RTTT application at the Legislative Committee on Education meeting on December 11, 2009. After that meeting, Dr. Rheault and Department staff met with Clark County and Washoe County School District staff and administration, and a key component noted for the RTTT application was the participation of local education agencies.

The meetings helped the school districts understand the requirements and generate ideas as to the type of reforms each district wanted to see or were willing to support in the grant, because participation in the RTTT was voluntary and had to be something

mutually agreeable that could occur within the state. In addition, Dr. Rheault planned to meet with the remaining 15 school districts and walk them through all the requirements in the RTTT application, funding available, and the reforms each district would like to see so they could be included in the grant process. Dr. Rheault stated that the Legislative Committee on Education would meet to discuss each assurance area under the RTTT and to hear public input and provide recommendations of what they wanted to see in the applications to the Department. Once a preliminary draft of the recommendations was provided from the school districts, along with input from the Legislative Committee and Education, Dr. Rheault planned to bring that data to public forums for other entities that wanted to participate in the RTTT grant.

Dr. Rheault stated that he has heard from the state Parent Teacher Association (PTA) and 20 nonprofit groups that wanted to participate in the grant, because those groups believed they had a service that was valuable to the state and would fit in to the RTTT grant funding. In addition, Dr. Rheault said that he reviewed the state grants the Department was able to get up to this point and reviewed some of the funding that was provided to other states by the Gates Foundation. He looked at what other states were doing as far as what they considered to be competitive reform within the state that addressed the assurances of the RTTT. All of the grants submitted under Phase I would be available to the public in April 2010 and he hoped to receive as much public input as possible. Dr. Rheault believed the grants would be available on time. He hoped to have a good draft in March of where the state wanted to be, so the Department had a month to adjust their application to be competitive for the grant.

Dr. Rheault stated an additional issue on the agenda for the upcoming Legislative Committee on Education meeting was another possible legislative advisory group that would advise and make recommendations to the Department as they write the application for the RTTT funds. Recently, an Education Weekly publication reported that some states under Phase I were running into resistance mainly because of the time constraints for the application. He stated the federal government put out requests for school districts to sign off on the plan, which was not written, and teachers unions were not signing off because they have not seen the plan. He hoped to avoid those pitfalls by taking a systematic step-by-step process. He believed the Department would be in good shape to meet the due date of June 1, 2010.

Chairwoman Smith asked Dr. Rheault if he had a timeline of the application process so the Committee could follow the steps the Department and state were taking to complete the application. She indicated that the Committee was charged with overseeing the federal stimulus programs and was interested in how the application process and overall plan was progressing. Dr. Rheault replied that the Department has not officially put out a timeline, but would provide one for the Committee.

In the event of a special session, Assemblyman Hardy asked Dr. Rheault if there was anything specific that needed to be put in place to eliminate the preclusion from student data being used to evaluate teachers.

Dr. Rheault responded that two critical absolutes needed to be addressed; Phase II stabilization plan, which the Department submitted; and at a minimum remove the barrier to teacher evaluations. He believed there may be some things that could be done to enhance reform efforts; however, the state already has transformation models like the empowerment schools in statute, but would have to address turnaround schools. Dr. Rheault noted that currently the state did not have alternative route to licensure for school principals. He stated the licensing for principals comes under the full authority of the Commission of Professional Standards and the statutes give the Commission authority to develop the regulations, so an alternative route to licensure for school principals could be addressed through regulation.

Assemblyman Hardy asked what it would take to make the state more competitive for grants or additional funding. He asked for suggestions from the Department to help the state be more competitive for grants in case of a special session. Dr. Rheault said that beefing up the statute for teacher evaluations would not make the state eligible for more funding; however, the state might get a few more points out of the 500 points in the application if there were some directives. For example, Tennessee enacted legislation requiring the use of student data for teacher evaluations, and the teachers union in Tennessee has not signed off on the state plan for that purpose. He thought that Tennessee believed the legislation that allowed data to be used for teacher evaluation and not leaving it up to negotiations would strengthen the state's application.

Dr. Rheault said there was one area in the assurance areas that he did not think the state could adequately address, which was the ability to sustain programs started with the funding. A special session would cut state funding and not look forward at the ability to sustain programs, so he was unsure the state could address that weakness in the application.

Chairwoman Smith noted that she asked Dr. Rheault to work with Legal Counsel of the Legislative Counsel Bureau to ensure the Department went through all of the possibilities in the stabilization application in case of a special session.

Chairwoman Smith appreciated Dr. Rheault's work with the Parent Teacher Association (PTA) and others to best address the issues of parent involvement. She noted that Nevada was nearing its third parent involvement statewide summit, which she did not think was done anywhere else in the country. School districts convened for a biennial statewide summit and she hoped the summit could be used in the RTTT application as a demonstration of what Nevada was doing in the area of the RTTT grant. Chairwoman Smith hoped the summit would be a good venue to voice concerns, provide input and address questions on efforts parents would like to see in the grant, because now was the time to see if there was anything that needed to be incorporated into the agenda for the summit to help with the RTTT application process.

Chairwoman Smith asked if all 17 school districts were supportive of the RTTT grant application process. Dr. Rheault replied that the funding for the grant was distributed by

formula and he still had to meet with the other 15 school districts to discuss the application process. He noted that Esmeralda County was scheduled to receive only \$3,400 for up to three-year use of the funds, and wondered if it was worth applying for \$3,400, because the reporting requirements would cost more than the grant amount. There were six districts that would receive \$50,000 or less, so the districts had to see the requirements and discuss those requirements with their school boards.

Dr. Rheault stated that one advantage was that 50 percent of the funding had to automatically go to the school districts that participate, and the other 50 percent could be retained for statewide programs like enhancing more empowerment schools or paying for mentoring teachers. In addition, the state could also supplement programs for districts that choose to sign on for the funds. Dr. Rheault also hoped to use some state money to support school districts receiving limited funding to entice the districts into participating in the program by providing earmarked money from the state allocation. He noted that he would have a better idea of how supportive the school districts were once he met with the remaining 15 schools districts. However, Dr. Rheault was aware a few districts were contemplating not participating in the RTTT program.

Chairwoman Smith asked if points would be taken away from the state points if the teachers associations or districts did not sign on to participate in the grant application. Dr. Rheault replied that there were points allocated to the percent of participation of school districts, so the fewer districts that participated, the lower the points the state would receive to show commitment. However, there was a clause in the application that the federal government would consider the percent of students from the participating districts in each state. Therefore, if only Clark County and Washoe County participated, which was 86 percent of the states' students, he believed the state would surpass most states with participation. He believed that most states were hoping to get half of their districts to participate, and Nevada could show 86 percent from 2 of the 17 school districts. However, Dr. Rheault was sure more than 2 of the 17 school districts in Nevada would participate.

Chairwoman Smith stated that Dr. Rheault mentioned the language that needed to be changed for using student data for teacher evaluation, which would have to be done in a special session. She noted that discussion on the issue and language change would be heard for the final time at the Legislative Committee on Education meeting scheduled for January 13, 2010, and recommended language would come from that meeting in the event of a special session.

Assemblyman Goicoechea thought more schools would have qualified for the education technology ARRA funds. Dr. Rheault believed that all districts in the state received the educational technology funds, either through a consortium grant or an individual request for the funds.

Assemblywoman Leslie said that it seemed many of the rural communities were not allocated any of the homeless ARRA grant allocations. She asked if those homeless grant allocations were distributed regionally. Dr. Rheault said the funds were distributed regionally, but the state had to follow a formula and each district had to have a minimum number of homeless students, which he believed was 20 students.

Continuing with his presentation, Dr. Rheault stated that the final regulations were published in December 2009 for the School Improvement Grant (SIG), which was an entitlement grant available to the state. Nevada's portion of the SIG funds totaled \$22.3 million to school districts within the state. The SIG was specific funding and primarily earmarked for Title I schools in the state and only served schools identified as in need of improvement. He directed the Committee to pages 93 through 98, which contained a summary of the process that had to be followed to receive the funds.

Dr. Rheault noted that the grant was a good example of a convoluted, difficult process. All the federal government needed to do was to provide the \$22.0 million to the Department and ask them to identify and fix the bottom 5 percent of lowest-achieving Title I-served schools. Through the current application process, the state had to identify three tiers of schools – Tier I, which were the Title I schools, the persistently lowest achieving 5 percent of Title I-served schools identified for school improvement, corrective action, or restructuring. In addition, high schools that were being Title I-served with a graduation rate of less than 60 percent could be added to the 5 percent. The next were the Tier II schools, which were Title I eligible schools, but not receiving Title I funds. The state had to come up a formula that would be equivalent to Title I priority and identify additional schools that would be eligible but not receiving funds, which added an additional 8 schools. He noted those were the schools that would receive the top funding priority in this category. In addition, a Tier III level had to be put together, which were all the remaining Title I-served schools.

Dr. Rheault stated that the state had to have their application for the SIG to the federal government by February 8, 2010. The federal government would notify states by April 2010, whether the application was approved and then each school district had to apply for the funding based on those that were eligible. Dr. Rheault noted that pages 102 to 106, [Exhibit A](#), displayed a list of schools in each of the Tier categories. He explained that each school district could receive up to \$500,000 of the funding per school, but it was a school district determination whether they had the capacity to serve all the schools that were identified in the Tier I or Tier II categories, although those schools had to be served first.

Dr. Rheault said there was not enough funding to fund all of the schools at \$500,000, and it would take \$9.5 million each year to fund the 11 Tier I schools and 8 Tier II schools, at \$500,000 a year for three years. Therefore, the Department would have to determine the funding based on what the schools districts wanted to do to turnaround schools. Dr. Rheault anticipated that the empowerment school model would fit nicely

under the four transformation models required and believed that most of the districts would use that model to implement the program.

Once the Department received and approved the applications from the schools, the grant would be implemented for the 2010-11 school year and schools could continue planning for the funds the remainder of the school year. Dr. Rheault noted that once the Department received more detail to ensure the plan was approved, the Department would update the Committee on how the state was doing and how many districts applied for the funding. He noted the funding was only available to a select number of districts because many districts did not have Tier I or Tier II schools. The only districts eligible for the funding were Clark County and Washoe County with Tier I schools and Carson City, Elko, Washoe County, and Clark County with Tier II schools.

Chairwoman Smith asked how the district would decide which schools receive funding since there was not enough funding for every school. Dr. Rheault replied that first the district would look at the list of schools eligible in Tier I and Tier II and determine whether the district had the capacity to turnaround all of the schools on the list. The district had to select one of four models for turning around the schools' performance. If the district had the capacity to support all 19 Tier I and Tier II schools, then the review panel at the state level would look at what the schools were proposing to determine if the budget that the school requested, up to \$500,000 per year, was supported by their application, which would have to be reduced to meet the funding available.

Chairwoman Smith asked if the schools had to demonstrate the ability to sustain what they were doing with the funding beyond the three years. She believed this was not as much about money as it was changing the way the schools did business, which helped on the sustainability side. Dr. Rheault replied that he would have to look at the requirements again, but the reason they were doing this was to turnaround the schools and get them off the in need of improvement list. He believed with the funding over three years, the schools should be able to do that and sustain the funding for the three-year period. He was unsure what the schools would do with the \$500,000 a year and how each school would expend the funding, but believed some of the plans were systems and processes that could be put in place that would become a normal part of operation for that school after the three-year period.

Chairwoman Smith asked when the Committee would be able to see the plans for how the schools intended to expend the funding for turnaround and restructuring. Dr. Rheault replied that the Department would receive approval from the federal government in April 2010, and then develop the application for the local school districts. He noted that the federal government and Department staff put together a timeline for when they thought things would happen, and he believed the applications would be reviewed and approved by the Department in May 2010, so the school districts could move forward immediately with the restructuring plans.

Chairwoman Smith asked for a description of the Department's role in providing technical assistance to the schools. Dr. Rheault replied that because of the convoluted nature of the grant, the Department planned to provide technical assistance to the eligible school districts to ensure they were clear of their rights and flexibility within the funding, which would allow the districts to utilize the funding as best as possible for the schools in most need.

Chairwoman Smith asked if the Department also provided assistance to schools in developing plans or suggesting programs to help turnaround schools. Dr. Rheault replied that the Department was familiar with the programs that were successful for turning around schools, because of the school support team the state has been operating for schools in need of improvement. He hoped districts like Clark County, which have operated the empowerment schools model, could provide data on the programs that worked because Clark County has streamlined the process. Between Clark County and the Department, Dr. Rheault believed they could work together and guide school districts that were new to the process.

Assemblyman Goicoechea was concerned about the possibility of displacing principals and staff and creating a revolving door in schools. He wondered if that concept was cost effective. Dr. Rheault responded that one concern was schools that were still on the in need of improvement list that were recently restructured with a new principal. He believed the federal government would provide a waiver if a principal was replaced in the last two years, but as part of the empowerment model that was in statute, most often a new principal was hired. He believed the principal was authorized to hire his own staff to replace existing staff at the school or retain some or most of the staff.

Assemblyman Goicoechea said that most of the districts seemed to be in the urban areas and his concern was creating a revolving door in those communities. The principal at one school would be fired and move to another school along with staff, which seemed like an opportunity to disrupt the whole process. Dr. Rheault replied it was a definite possibility that when a principal was replaced at one school, that principal would probably move to another school.

Senator Townsend asked Dr. Rheault if he was familiar with his colleague Dr. Michelle Rhee, Superintendent, Washington D.C. school district, and what she established in the school districts to meet the challenges of that district. Dr. Rheault replied that he knew of her and clarified that she was not the school Superintendent that attended the national meetings. Dr. Rheault replied that he had seen what she has done, although he was not specific on all the issues.

Senator Townsend said that the state of Nevada had four interventions – turnaround model, restart, closure, and transformation. He stated that Dr. Rhee has terminated close to 20 principals, 100 teachers, and tried to allow teachers to leave tenure in order to receive significant bonuses and to step-out of the normal tenure model, and as a result, math and reading scores in the district were improving. Dr. Rhee was applying

some basic principles that were important to her, particularly as a single mom, that brought discipline, direction, and hope back into the school district. Looking at some of the challenges that the teachers and administrators faced in Clark County with growth and other issues, Senator Townsend thought Dr. Rheault might want to look at the things the Washington D.C. school district has done (not promised or had on the books) but things that were accomplished with solid results. He believed it was time for Nevada to look at additional options and to build consensus and support for those, because often the best opportunity to try a new model was during tough times, and perhaps some of the things that had proven success could be implemented in Nevada.

Senator Townsend said it might be worth having discussion with other school Superintendents and look for evidence-based practices in other districts, such as Washington D.C., that could be applied in Nevada. Senator Townsend hoped that Dr. Rheault, as the leader of education in the state, might help the districts and encourage them to look at different options and opportunities, because simply being negative about the challenges the state faced was not necessarily productive. He said it was fine to state a position, but it was much more productive when solutions were offered. He believed if the districts were offered that opportunity or encouraged they might find solutions that were best for their district, because each of the 17 districts in the state has their own challenges, chemistry and personalities. However, continuing what the state was currently doing and hoping for a different outcome was Einstein's definition of insanity.

Dr. Rheault agreed with Senator Townsend and said the funding was an opportunity to drastically address schools that struggled in student achievement and performance and one of the four models had to be implemented. Dr. Rheault would look at other states for guidance and see what worked in those states.

Chairwoman Smith agreed with Senator Townsend and thanked him for his comments.

Jim Wells, Deputy Superintendent, Department of Education, directed the Committee to page 113, [Exhibit A](#), which displayed a comparison of the two bond programs. He explained that the Qualified Zone Academy Bond (QZAB) program has been in existence and the American Recovery and Reinvestment Act (ARRA) just increased the amount the state was authorized. The Qualified School Construction Bond (QSCB) money was new and there were a distinct difference between the QZAB and QSCB money. The first two differences relate to construction and acquisition. The QSCB could be used for construction of facilities and acquisition of equipment, while the QZAB bonds were only eligible for rehabilitation and repair of facilities, equipment purchase, develop course materials, and teacher training.

Mr. Wells indicated that the bigger part as far as why one set of bonds was more popular than the other was because of the eligibility. In order to be eligible for a QZAB, the school that the bond money was used for had to have at least 35 percent or more free and reduced lunch students, or be in an empowerment zone or enterprise

community, and he believed there was only one of those schools in the state of Nevada, which was in Clark County. The second piece that makes the QSCB more appealing than the QZAB money was the 10 percent match requirement. The QZAB required a 10 percent outside match, which was not a requirement for the QSCB. The third difference was the QZAB also required that an academy be set up, which was above and beyond the components of the 10 percent match. Therefore, the QZAB was less appealing than the QSCB.

Mr. Wells noted that the Department put out a request for proposal (RFP) and received applications from the school districts for all of the QSCB money that was available to Nevada, which was about \$7.0 to \$8.0 million in excess of authority available. The authority for the QSCB was on a calendar year basis, so the 2009 allocation had to be expended by the school districts before December 31, 2009, or reverted to the state, and then another allocation of the same amount was awarded in 2010. Mr. Wells stated that the three districts to which the Department allocated funds for the QSCB program were: Lincoln County; Douglas County; and Washoe County. He noted that Clark County had their own bond as one of the 100 largest and poorest school districts in the country.

Mr. Wells explained that there was difficulty in issuing the bonds because there was a limited buyer pool and there were restrictions and regulations on how the credits worked to make the bonds appealing to the buyer with zero interest for the issuer. He noted that none of four school districts were able to issue their bonds before December 2009, and all four districts reverted their money to the Department, who could carry that allocation forward to 2010 and reissue the allocation out to the four districts. The Department was informed that most of the four school districts were on track to issue the QSCBs in February 2010. Mr. Wells said he had asked the school districts to let the Department know if they could not issue the bonds by the end of March 2010, so an extension could be made and the Department knew where the schools were in the process. He noted that the Department made sure the allocation did not go unused if the school district was not going to use the bonds. In addition, the Department would put out an RFP for the 2010 allocation soon.

Continuing, Mr. Wells noted that a few years back the federal government changed one of the primary benefits of issuing the QZAB bonds. They required districts to pay back the interest received on unspent proceeds in excess of the bond issuance interest. Since that provision was added there has been no interest in the bonds in Nevada. Before the provision took effect, the Department issued all the allocations the state was afforded, but since those provisions were added the bond has not been as appealing to the issuing entities.

Chairwoman Smith said she was particularly interested in the ability for charter schools to access the money, because facilities were always a problem for charter schools. She asked for details regarding the challenges charter schools faced getting access to the funding. Mr. Wells replied that charter schools were eligible to issue the bonds and had

to go through some of the same debt requirements, such as working with the Department of Taxation, similar to other local entities. He explained that the charter schools still had the requirement for the QZAB of the 35 percent free and reduced lunch students; however, most charter schools do not participate in the school lunch program, and therefore do not file the application to determine their eligibility under that particular criteria. He noted that the Department only received one charter school application for the QSCB money. That school was located in Las Vegas. Because Clark County School District was their sponsor, the county received significantly more QSCB funding than all 16 other school districts combined. The Department asked the charter school to talk to their sponsor, the Clark County School District, to see if the district could issue some of the bonds on behalf of the charter school. Mr. Wells replied that he did not know the outcome and added that those bonds could not be issued because of problems with the issuance to begin with; however, the bonds would be reverted to the state for reissuance.

Chairwoman Smith stated that the QZAB were good for the charter schools because a majority of charter schools rehabilitate other facilities or remodel existing buildings. Mr. Wells replied that the QSCB could be used for rehabilitation just like the QZAB. He added that there was at least one charter school going through the process of getting their applications approved to do the free and reduced lunch counts, even though they do not participate in the free and reduced lunch program.

Assemblyman Hardy asked if the empowerment zone in Clark County was in Moapa Valley. Mr. Wells thought the empowerment zone was in North Las Vegas; however, he was not sure and indicated that he would provide that information to the committee.

Chairwoman Smith asked Dr. Rheault if he could provide an update on the data system information and where the state was in regard to teacher evaluations based on student data. Dr. Rheault believed that letter of intent expired, but he could provide a report to the committee.

Nevada Association of School Boards

Jim Lemaire, Member, Carson City School Board, presenting as President, Nevada Association of School Boards, said he was grateful for the opportunity to share with the Committee the information that was compiled by the Nevada Association of School Boards and the Nevada Association of School Superintendents. He noted that the school districts in each of the 15 counties were prudently spending stimulus funding to improve student achievement and continue appropriate instructional services for children in classrooms across the state. He noted that the impact of budget reductions would have been disastrous on the opportunities for learning and for services offered for students in all grade levels if the school districts had not received the ARRA funding.

As school board members and stewards for the stimulus funds, Mr. Lemaire assured the Committee that school board members have carefully considered how to most

effectively use the funding. For example, Douglas County provided extra academic support to raise the achievement of students at risk of educational failure and used funds to improve services for children with autism; Humboldt County ensured that students were technology literate by providing professional development for teachers in using their data to improve student achievement; and Carson City used stimulus funds to pay for a homeless advocate to work with homeless families and link them with the community agencies and school services that would assist them. School boards have carefully aligned the use of the stimulus funds with the needs of the communities, schools and the children that they serve.

Mr. Lemaire thanked the Committee for the opportunity to speak on behalf of Nevada's 107 elected school board members and to share the reports located on page 117 of the meeting packet ([Exhibit A](#)).

Chairwoman Smith directed the Committee to page 117, which displayed a summary of responses provided by the school districts regarding how funds will be used.

Chairwoman Smith asked Mr. Lemaire if he wanted to comment about how the school boards viewed the RTTT issue. In addition, she wondered if there was a schedule from the various school boards about how and when they would consider the RTTT issue. Mr. Lemaire replied that the Nevada Association of School Boards has discussed the RTTT issue with some of their members and it was viewed as a positive effort for the schools. Certainly, the districts would not be receiving much funding as part of the RTTT; therefore, the districts were disinterested. He was unaware of anyone actively opposed to the program; however, he was unsure if individual districts were endorsing the RTTT issue. Mr. Lemaire said he could pursue that information and provide the findings to the committee.

Chairwoman Smith was interested in the overall plan as far as a meeting schedule for the different boards to entertain the RTTT issue. She asked for comments from the local school districts about the process and where they were on the energy conservation issues within the district.

Mr. Lemaire replied that he could only speak for the Carson City School District and was aware the district was making final preparations for their proposed 2010 bond issue. He noted one of the important items on the list was the possibility of utilizing photovoltaic (PV) panels to generate electricity and reduce the district's electrical bills, and the money saved could be used for operational costs and enhancing education. Mr. Lemaire did not have specific plans for the energy school conservation effort because it was somewhat early in the process.

Nevada Association of School Superintendents

Ben Zunino, Superintendent, Eureka County School District, representing the Nevada Association of School Superintendents, stated that he was asked to work with the Nevada Association of School Boards and provide information on how school districts were using federal stimulus dollars received through the ARRA. He directed the Committee to the handout, American Recovery Reinvestment Act, Report on Grant Allocations by Award and Implementation by Nevada School Districts ([Exhibit D](#)). He stated that the charts in the report provide a general overview of how specific parts of ARRA funding were being used in the 15 school districts outside of Clark County and Washoe County.

Mr. Zunino stated that the charts showed that ARRA funding was being used as intended – to keep people working to improve student achievement. In every instance, from basic funding to special education funding, Title I funding and educational technology funding was being used to save or strengthen programs designed to meet the needs the students. For instance, Eureka school district was allocated \$10,369 in Title I funding; 95 percent (\$9,849) was budgeted for salary; and 5 percent (\$520) was set aside for professional development as directed by the state. Mr. Zunino stated that \$34,051 was allocated for Individuals with Disabilities Education Act (IDEA); \$32,415, or 95 percent, was used to directly purchase services for a speech therapist, psychologist, and medical consultants for students; and \$1,600 was budgeted for instructional supplies for the special education coordinator and teacher. IDEA Part B Pre-School was allocated \$1,212 to purchase professional services, primarily for speech/language for students entering the system.

Concluding his presentation, Mr. Zunino stated that the ARRA funding was helping Nevada school districts and enhancing educational services for students and teachers.

Chairwoman Smith said it still seemed the state was slow in drawing down the money and asked Mr. Zunino if he knew the reason why. Mr. Zunino replied that the funding was being drawn down as it was being used and funding could not sit in an account and gain interest. As with most salaries and programs within school districts, the money had to be requested as it was being used, just like salaries paid over time, which was how the funding was being addressed.

Mr. Zunino stated that the energy retrofit projects were a topic of discussion at the recent Nevada Association of Superintendents meeting. The school districts have submitted their applications and were waiting for future information from the federal government. He noted that there were questions about whether the districts had to use local bidding or state bidding. He said there were some grant requests and to his knowledge, only Storey County was turned down.

Chairwoman Smith asked Mr. Zunino to work with the Nevada Association of School Boards on the calendar of what the districts were doing on RTTT and when that was taking place, so the Committee could monitor and watch the process as it was happening.

Washoe County School District

Kristen McNeill, Director of State and Federal Programs, Washoe County School District (WCSD), thanked the Committee for allowing her to speak at the meeting on behalf of the Washoe County School District. She referenced page 167, [Exhibit A](#), ARRA Periodic Report 1, and to the PowerPoint presentation which outlined Washoe County School District's usage of ARRA funds, [Exhibit E](#). For jobs reporting, Ms. McNeill said jobs were reported in FTEs as required through the ARRA and although the numbers may seem low, it was important to understand that an FTE was a measure of hours worked and not positions. Title I and IDEA positions hired with the use of ARRA funds include intervention teachers at each of the 24 Title I sites, 4 positions for the schools in restructuring, including a curriculum audit position, hourly certified pay, early childhood positions, intervention specialist for the Title I secondary schools, guidance counselors for the Student Intervention Program, and salaries and benefits for special education teachers.

Continuing, Ms. McNeill said the most recent jobs reporting was completed on January 5, 2010, for the second quarter ending October 31, 2009, and the third quarter ending on January 31, 2010, was due to the Nevada Department of Education by April 5, 2010.

Ms. McNeill noted that WCSD expenditures had been reported for the quarter ending September 30, 2009, and second quarter reporting was due January 12, 2010. She said that pages 168 through 174, [Exhibit A](#), displayed the expenditures for Title I, IDEA – both local plan and early childhood, and instructional technology as of November 30, 2009. Program implementation in all funded areas of ARRA is moving forward and programs started as soon as funding was available in the summer of 2009. Ms. McNeill stated that the Title I Intergenerational Program was very successful. It included English classes for adults and academic intervention activities for students ages three through eight. Because of the success of the program, she stated that the Intergenerational Program would continue in the summer of 2010. Other areas of the funding included special education, homeless students, and educational technology.

Ms. McNeill stated that WCSD has invested in program accountability measures by hiring an additional accountant and program evaluator. These two positions were important to the continued reporting requirements and successful program implementation of all ARRA related expenses.

Concluding her presentation, Ms. McNeill said that staff from Title I, Special Education, Child and Family Services, Educational Technology, and Capital Projects were in attendance at the meeting and available to answer questions of the committee.

Chairwoman Smith assumed a great deal of the ARRA funding was being used to fund programs that the Innovation and Remediation grants would have covered since the state did not provide remediation funding any other way. She asked if some of the ARRA funding was compensating for what the state lost in the Innovation and Remediation Grant fund. Ms. McNeill replied that the 24 Intervention/Prevention Specialist positions were funded through Senate Bill 404 and Senate Bill 185, and Washoe County was able to fund those positions with ARRA funds. In addition, the Title I sites received an additional \$75 per pupil, so the county was able to fund many of the programs with the Title I ARRA funding.

Chairwoman Smith stated that she recently heard a presentation on the Home Visit program at the recent parent involvement summit. She asked if that type of action was a large part of turnaround schools. Ms. McNeill replied that if the district decided to go with the turnaround model, the Home Visit program was a program that the county would be interested in doing. She noted that the Home Visit program was a very successful program and partnered with the Intervention/Prevention Specialist position with the Title I secondary schools as well.

Chairwoman Smith thought the section on the Recovery Zone Economic Develop (RZED) Bonds, page 170, was interesting and two entities in Washoe County that received an allocation of RZED bonds were Washoe County and the City of Reno. However, due to the downturn in the economy, these entities did not have projects planned that would require using all of their allocations and therefore transferred their authority to another government agency. She asked Ms. McNeill to explain that process because it was a sizable amount of money that WCSD desperately needed for school improvements. Ms. McNeill replied that she would refer to Mark Stanton, Chief of Capital Projects, WCSD, to address the issue.

Mark Stanton, Chief of Capital Projects and Chief Operating Officer, WCSD, stated that the district was excited about the City of Reno and Washoe County's offer to extend their bond authority for the RZED bonds. The school district received approximately \$22.0 million from the City of Reno and an additional \$15.0 million from Washoe County. Currently, there was a request into Washoe County for an additional \$10.5 million of their bond authority, which they would present to their Commission in January 2010. The funding allowed the WCSD to do additional modernization in the classrooms, as well infrastructure upgrades to the buildings, such as, replacing roofs, flooring material and old heating ventilating and air conditioning systems, and all the funding was going to the older schools in Washoe County and the City of Reno. Mr. Stanton stated the projects were approved in November 2009 by the school district Board of Trustees, as well as the bond oversight committee. He noted that the funding increased the school district's bonding capacity by \$4.0 million because of the lower

interest money, which would provide money in the future for additional revitalization work in the schools. Additionally, the funding would create or maintain 450 jobs in the community. He estimated that 54 percent, almost \$37.0 million would go back into the local community to stimulate the economy.

Chairwoman Smith commented that sales tax dollars were generated when purchasing construction material for the revitalization projects. She was aware the rules have changed for reporting of ARRA funds. Recently, CNN did a story about the ARRA reporting requirements and states were now required to report based on actual jobs connected to the federal funding, not just jobs retained or created. She asked how the schools districts tracked the number of jobs connected to ARRA funding since the federal reporting requirements changed.

Ms. McNeill replied that she did not have the answer to Chairwoman Smith's question about the jobs connected to ARRA funding, but would provide the reporting requirements to the committee.

Senator Townsend stated that Mr. Stanton made reference to the City of Reno and Washoe County providing some of the financial capacity, which was good news. However, he did not mention the City of Sparks, which contained the two oldest schools in the state. Senator Townsend asked if the City of Sparks received any of the funding. Mr. Stanton replied that the City of Sparks did not receive any authority from that program; however, since the WCSD received authority from Washoe County they could also use that money for schools in the City of Sparks.

Senator Townsend noted page 117 of the meeting packet, Title I ARRA Funds -- Summary of Responses provided by School Districts on how the funds will be used, Washoe County specifically stated that approximately one-half of the funds would be used for mandatory set-asides, such as parent involvement, early childhood programs, homeless support and indirect costs. However, the back-up for those programs did not show parental involvement. Ms. McNeil replied that parent involvement was under the Intergenerational Program.

Senator Townsend noted that the Intergenerational Program was implemented at Wooster, Sparks, and Hug High School, in Washoe County, and provided adult English language classes and academic intervention activities to children ages three through eight. He asked how students qualified to get into the Intergenerational Program and how the school district measured the success of the program.

Ms. McNeill replied that students had to be on free and reduced lunch status and Title I qualified in order to be eligible for the programs. Responding to Senator Townsend's question on measuring the success of the Intergenerational Program, Ms. McNeill said the programs supported English language development, and developmental growth among children participants, and the grant evaluator did a pre-loss and post-loss exam for those students to show the growth of the students during the six-week program.

Senator Townsend asked how WCSD measured the success of the 51 adults in the Intergenerational Program. He wondered how the district knew if the English language classes provided to the adults were effective. Ms. McNeill replied that she did not have the specifics on how the success was measured, but would get that information for the committee.

Senator Townsend questioned the focus of the Home Visit Program and building strong relationships with families to foster better communication between home and school for Title I qualified individuals. He noted that 57 homes were visited by administrative, certified or classified staff at each school and he wondered what the guidelines were for measuring the success of the Home Visit Program.

Ms. McNeill replied that the district looked at a similar program in Sacramento County, California, which had specific guidelines for how the district handled the visits. The visits were not exclusively for students at academic risk, and were more keyed into building relationships with the school; not only attendance issues or discipline issues, but also on the positive side. She explained that the first home visit was from a teacher who had daily contact with that student to build a relationship with the family. The second home visit had to do more with academic achievement and concerns that the school or the parents had regarding the student. From the information gathered from the first two meetings, there was continued conversation between the administrator, counseling staff, and teaching staff to see if any type of additional supports needed to be put into place for the family.

Senator Townsend asked how the success was quantified for a long-term participant in the Home Visit Program after they have gone through all the steps. He asked if the district measured whether the student achieved academic success, improved language skills, attended school more often, or were involved in disciplinary actions. Ms. McNeill replied that the district looked at attendance, tardiness, and achievement on a daily basis. In addition, the district looked at the benchmark assessments, which were given on a quarterly basis, along with qualitative data from parents and teachers to see if there was improvement.

Senator Townsend asked what career path or action happens when nothing has changed for the student after going through the Home Visit Program. Ms. McNeill responded that if nothing has changed with the student after going through the Home Visit Program, the Intervention/Prevention Specialist would work exclusively with that particular student in their home, even if the district had to make transportation arrangements.

Senator Townsend stated that there was an additional per-pupil allocation of \$75 and he wondered if that money generally went to afterschool and latchkey programs. Ms. McNeill replied that the funding was allocated depending on the particular school

principals and their Title I budgets. She added that the principals of the Title I schools had some flexibility with the allocation of the funds.

Senator Townsend referenced the chart, American Recovery and Reinvestment Act – Washoe County, [Exhibit E](#), which showed jobs reported to the U.S. Department of Education were 2.61 Title I FTEs for the 1st quarter report (July 31, 2009); and 11.74 Title I FTEs for the 2nd quarter report (January 5, 2010). He asked if the 11.74 FTEs were cumulative and if the jobs identified were district employees, not school site-specific employees. Ms. McNeill replied that the 11.74 FTEs were cumulative. She noted that the jobs reported could be either school site-specific employees or district employees.

Clark County School District

Jeff Weiler, Chief Financial Officer, Clark County School District (CCSD), directed the Committee to the handout Clark County School District, Review of Plans and Spending ([Exhibit F](#)). Mr. Weiler stated that page 2 of the handout showed that CCSD received \$82,239,829 from the State Fiscal Stabilization Fund (SFSF) to supplement the revenue shortfall from the Distributed School Account (DSA). Approximately 11 percent of the district's DSA funds in 2009 came from SFSF, which has been expended or encumbered because the funds came in last fiscal year.

Mr. Weiler stated that the CCSD was awarded \$57,672,532 in Title I, Part A funding awarded over two fiscal years. As a result of that funding, student achievement will increase by offering the following opportunities:

- Structured Teacher Planning Time (STPT) to review data and formulate plans to raise student achievement.
- Before/after school and Saturday workshops to implement topics discussed during STPT to ensure that teachers receive the skills to raise the achievement of students.
- The Curriculum and Professional Development Division will provide mathematic teachers with lesson plan studies to align lesson plans with the course of study and to develop pacing calendars. The instructors will also impart knowledge and provide curriculum support to teachers.
- Parent involvement activities will include teaching parents the skills necessary to assist students at home and provide English as a second language.
- Provide teachers with training as part of their turnaround teams.

Mr. Weiler indicated that a total of 207.65 positions were created as part of the funding, and as of December 2009, the CSDC had expended or encumbered \$29,543,148, or in excess of 50 percent of the two-year allocation.

Moving to IDEA Part B, Mr. Weiler stated that \$49,070,266 was allocated to the CCSD over two fiscal years. He noted that the ARRA IDEA funding allowed for extended-day opportunities to liaison prep buyouts and data collection for Response to Instruction. He

noted that 11 teacher positions were created out of the funding, in addition to many other things, and 40 percent of the funding has been expended or encumbered as of December 2009.

IDEA Part B Pre-school funding totaled \$1,748,092 over two fiscal years. Mr. Weiler noted that a description of the activities used with the funding was located on page 5, [Exhibit F](#), and two teacher positions were created, and \$932,888 or 53.4 percent was expended or encumbered.

Moving to page 6, Mr. Weiler said that \$308,600 was awarded over two fiscal years for Education for Homeless. The CCSD has expended or encumbered 50 percent, \$154,300, to support homeless children through the McKinney Vento Program. Funds were being used to create respite areas for homeless high school students, which would allow students to research educational opportunities, receive food and clothing items, and speak with a counselor.

Educational Technology was awarded \$2,393,579 over two fiscal years to purchase hardware and software in order to provide a two-year online technology professional development program for teachers statewide. Professional development modules, which focus on strategies for developing 21st century learning skills, have been planned and module one will start mid-January 2010. 120 teachers (66 in CCSD) have been recruited and will participate with their students. Classroom sets of laptops, iPod Touches, projectors, and interactive slates have been ordered so that the participating teachers and students will have access to the technology that supports classroom activities. An evaluation plan has been developed, along with plans for baseline data collection about teacher beliefs and behaviors. As of December 2009, 68 percent, or \$1.6 million of the funding has been expended or encumbered.

Continuing with his presentation, Mr. Weiler stated that the CCSD received an award of \$218,097 for school lunch equipment, which was awarded to districts on a competitive basis. He noted that the CCSD submitted requests for a number of different types of equipment and the specific requests funded by the state included wire baskets and carts necessary to provide individual serving meals to schools, and new convection ovens at five schools where the percentage of students receiving free or reduced lunches exceeds 50 percent. Mr. Weiler stated that all of the funding, \$218,297 was expended in the summer of 2009.

Mr. Weiler stated that the CCSD did not receive funding for the Qualified School Construction Bonds (QSCB) because of the nature of the program. He noted that the CCSD, along with other large school districts nationwide, received a direct allocation of QSCB borrowing authority. He noted that the QSCB are bonds the federal government subsidizes by allowing bondholders to receive tax credits that are approximately equal to the interest that states and communities would pay holders of taxable bonds. As a result, issuers are generally responsible for repayment of just the principal. Due to unfavorable market conditions and the limited market available for QSCBs, the CCSD

chose not to issue the \$51.4 million in allocated bonds in 2009. Plans are to combine this allocation with CCSD's 2010 QSCB allocation and issue a combined total of \$104 million in QSCBs in 2010. Proceeds will be used to replace school roofs, HVAC systems, technology infrastructure, and running tracks, and provide other school capital improvements. He stated that some of the issues and challenges with the bonds have been addressed in a bill passed by the House of Representatives. He noted that the House Bill takes away some of the restrictions so there was a much larger market for the bonds, which would mean that CCSD would be able to issue the bonds more easily and with little or no interest.

Mr. Weiler stated that since the district did not issue any QSCBs in 2009, there were no funds allocated to charter schools. However, the district was working with the charter schools on the federal guidelines the districts had to follow in order to reallocate the funding. Mr. Weiler indicated that he did know the status of the charter schools' interest in the bonds, but the CCSD was certainly working with the schools.

Concluding his presentation, Mr. Weiler referred the Committee to page 10, which displayed a summary of the different allocations and the total amount awarded for each allocation. He noted that overall the CCSD expended or encumbered 69 percent of the total of \$193,651,001 million in ARRA funding. Mr. Weiler stated that the CCSD and other districts in the state have submitted a list of projects for the energy retrofit funding. He noted the CCSD current allocation, although the amount could change from the Nevada Department of Energy, was approximately \$400,000. As a result of the 1998 building program that is winding down, the CCSD has included energy conservation projects in almost every major renovation. He noted that approximately \$17.0 million was spent on energy conservation projects in the current program, so the district was committed to energy conservation.

Chairwoman Smith asked Mr. Weiler to address how the CCSD was going to report under the new federal ARRA reporting requirements, which required states to report on actual jobs connected to the federal funding, not just jobs retained or created.

Mr. Wells replied that the jobs reporting for the ARRA funding goes through the Department of Education and was not something they could delegate. In 2009, when the ARRA jobs requirements first came out, the Department provided documentation and guidance to the school districts on how to calculate jobs as a result of the funding. In addition, the original federal guidance also allowed the Department of Education to adopt a timeframe of reporting, which they did to coincide with the start of the school year. Therefore, the 1st quarter report was through July 31, 2009, and the 2nd quarter reporting would have been August 1, 2009, through October 31, 2009. On December 2, 2009, the Department held a technical assistance meeting with all the school districts to review the model the Department provided and give the districts instructions on how to report jobs based on the original Office of Management and Budget (OMB) federal guidance. On December 18, 2009, the OMB came out with new

guidance on how to change and create job reports going forward starting with the January 1, 2010, reporting quarter.

Mr. Wells stated that the Department has already provided guidance to the school districts and received reports from many of the school districts, and because not much was going to change in the structure of how the jobs were reported, the Department did not change their guidance for the reporting quarter and would report jobs based on that data. Mr. Wells noted that one of the big changes was jobs reported had to be funded with ARRA dollars, so there was no more inferred positions calculated. In addition, the reports were no longer cumulative reports and jobs were reported each quarter, which worked into Nevada's favor because the 1st quarter was through July 31, 2009, and the Department actually reported zero. Mr. Wells said the Department would be modifying their guidance for the school districts as soon as he finds out there were no additional changes from the OMB on the jobs reports, and the Department would keep up to date with how the jobs calculations are coming into the Department. He noted that the Department was making some minor adjustments to the information submitted from the school districts before the Department submitted the report to the OMB.

Chairwoman Smith asked Mr. Weiler if he participated in the workshops that the Nevada State Office of Energy provided to the CCSD. Mr. Weiler replied that he did not personally attend the workshops, but was aware the CCSD was involved with the Nevada Office of Energy workshops. He stated the CCSD submitted a list of energy retrofit projects and was in compliance with the timeline and guidance that the Nevada Office of Energy provided in order to apply for the funding.

Chairwoman Smith called for a brief recess at 3:41 p.m. The meeting was reconvened at 3:58 p.m.

Nevada System of Higher Education

Dan Klaich, Executive Vice Chancellor, Nevada System of Higher Education (NSHE) introduced Mark Stevens, Associate Vice Chancellor, Budget and Finance, NSHE, and Vic Redding, Senior Budget Officer, NSHE.

Mark Stevens, Associate Vice Chancellor, NSHE, referred the Committee to page 181 of the meeting packet, [Exhibit A](#). Mr. Stevens indicated that a great deal of time was spent during the 2009 Legislative Session to ensure that the ARRA requirements related to the State Fiscal Stabilization Fund (SFSF) were met and that funding was allocated within the parameters of the ARRA legislation. He noted that the Fiscal Analysis Division, Budget Division, Department of Education and NSHE spent an enormous amount of time trying to figure out the federal legislation and what was possible and required. There were two components to the SFSF – education component funds, which went to K-12 and NSHE, and 81.8 percent of the funding was allocated for education purposes representing \$324.4 million. In addition, 18.2 percent, \$72.2 million, was allocated for essential governmental services that could be used for essential government services or education if the state so chose.

Mr. Stevens indicated that there were a variety of methods for states to qualify for SFSF, and Nevada met the requirements by demonstrating that on a percentage basis, General Fund support to K-12 and NSHE combined in FY 2010, met or exceeded the percentage of General Fund that was allocated to K-12 and NSHE in FY 2009. In FY 2011, those same percentages had to be met or exceeded compared to FY 2010. The education component for K-12 was allocated at \$139.6 million in FY 2009, and \$184.8 million was allocated to NSHE in equal amounts of \$92.4 million in FY 2010 and FY 2011, respectively. For the governmental services component, the Legislature allocated the entire \$72.2 million to the Department of Corrections in FY 2011.

Continuing, Mr. Stevens said the money received from the federal government was allocated in two phases. Phase I education funding was \$217 million – \$139.6 million was allocated to K-12 in FY 2009, and the remainder of \$77.7 million was allocated to the NSHE in FY 2010, which would not cover the entire \$92.4 million budgeted for FY 2010. He noted that the remaining funds of \$107.0 million have been requested in the Phase II application, which was recently submitted.

Mr. Stevens directed the Committee to page 187, which displayed how the \$92.4 million was allocated within NSHE. The amounts were distributed through the instructional formula to the seven instructional institutions in proportion to the amount of General Fund budgeted in each of the campuses.

Concluding his presentation, Mr. Stevens said to illustrate how important the SFSFs were to NSHE – the funds supported approximately 14 percent of the state budget for the seven formula instructional institutions, and were responsible for 10.5 percentage points of the 74.1 percent of the legislatively approved funding formula percentage. Based on the legislatively approved budget, if NSHE did not have the SFSF, the formula would be funded at 63.6 percent. Mr. Stevens stated that the SFSF would no longer be available to the state after the 2009-11 biennium.

Vic Redding, Senior Budget Officer, NSHE, referenced page 189 ([Exhibit A](#)), which displayed an overview of the student financial aid for NSHE. Mr. Redding noted that NSHE students were also direct beneficiaries of ARRA funding. The largest category was Pell Grant recipients with a maximum award increase from \$4,731 to \$5,350, an increase of \$619. Mr. Redding was unsure how many students were able to take advantage of that Pell Grant until the final count was in for the academic year, but based on NSHE's projections and the U.S. Department of Education budgets, he was expecting an additional \$5.0 million in Pell Grant awards in 2010, as well as 2011. The FY 2009 Pell Grant expenditure was \$43.4 million, which was about an 11.5 percent increase in Pell Grants available to Nevada students, not counting the growth NSHE was seeing in Pell Grants from enrollments and the current financial situation.

Mr. Redding noted that Federal Work Study also received an augmentation through the ARRA program of \$500,000 each year of the biennium, which had the same required match of 25 percent, approximately \$250,000 from the system. Similar to the situation that exists with the SFSF, Mr. Redding said the specter of a funding cliff in financial aid was something NSHE was watching. He noted that never in history has NSHE seen a reduction in Pell Grant amounts from one year to the next, but never in history have Pell Grants been funded with one time sources. In order to backfill the ARRA hole in Pell Grants, the federal government would have to generate an additional \$8.5 billion in each year starting in FFY 2012.

Continuing, Mr. Redding noted that Research and Development contracts were certainly a bright spot for NSHE, as well as the state. NSHE was aggressive in pursuing external funding and was successful in all areas, from research to workforce development, generally reflective of the institutions' specialties in these areas. He stated that NSHE received awards from a couple thousand dollars to \$5.7 million awarded to the University of Nevada, Las Vegas (UNLV), which was a collaborative effort between UNLV, a contractor, and utility company for energy efficient homes. This also included collaborative agreements that the system has with the state, such as the one between three of the community colleges, the Department of Employment, Training and Rehabilitation (DETR) and the Housing Division through weatherization work or training. He noted that the numbers displayed on page 190 were current as of November 30, 2009, and he was waiting for the 2nd quarter report.

Mr. Redding indicated he was confident NSHE would exceed 54 awards and contracts, over \$19 million, when the final numbers were reported. Providing an additional impact of the funding for higher education, he stated that based on NSHE's FY 2009 expenditures of federal funds, the funding would probably be a 7 percent increase for both FY 2010 and FY 2011. He referred to the detailed list of the awards and contracts through November 30, 2009, located on page 197. He noted that NSHE would provide updates through December 31, 2009, to staff as soon as they were available.

Mr. Redding stated that it was hard to have discussions on ARRA funds without talking about the federal reporting, accountability and transparency aspects of the legislation. Like every other recipient, NSHE was subject to the expansive reporting requirements and was required to provide quarterly reports to the Recovery Accountability Transparency (RAT) Board. He noted that NSHE preliminary numbers for expenditures from the 2nd quarter should be around \$50.0 million since the inception of the ARRA on February 17, 2009. The majority of that spending has taken place since July 1, 2009. The bulk of the expenditures so far in the SFSF were \$46.8 million through December 31, 2009, which represented just over 50 percent of the SFSF that NSHE had budgeted in FY 2010 to the system, and NSHE was spending approximately one twelfth increments each month. The Research and Development expenditures would continue to increase as those programs gain steam.

Mr. Redding stated that the jobs reporting was one of the reasons that ARRA was a “four-letter” word in their office and the discussion on jobs could take up an entire meeting by itself and still would not be resolved to everyone’s satisfaction. When the original legislation was being drafted at the federal level, it seemed like a relatively easy calculation to determine the number of jobs existing because of ARRA, but that calculation turned out to be much harder to apply. He noted that jobs in the research and contract fields were fairly easy to track because those individuals were generally working on a specific program and were either hired on an annual contract or paid an hourly wage. As of NSHE’s September 30, 2009, report, which was the last report with hard numbers, there were 15.9 FTE supported, which has undoubtedly grown as the grants have picked up speed.

Mr. Redding stated that SFSFs were a different story and were such a hot topic in the media and elsewhere and he would briefly discuss the methodology used in the 1st quarter report (September 30, 2009) and the new methodology released for the 2nd quarter report (December 31, 2009). Mr. Redding explained that the Legislature closed NSHE’s budget for the seven instructional institutions and the ARRA funds were one of many revenue sources with General Fund registration fees and non-resident tuition. However, neither the Legislature nor the Board of Regents went through the exercise of fund mapping those ARRA dollars to specific expenditures, and the discussion that ARRA supported the English department, but not the Math department did not occur. Further complicating this was a higher education-specific nuance that ARRA funds not only were available to plug holes, but the funds were also available to mitigate the need to raise tuition and fees for in-state students. Mr. Redding said recognizing that many of the states had the dilemma regarding how to count some jobs in a bigger budget; the initial reporting methodology from the federal government was that a position did not necessarily have to be paid for by ARRA funds to be created or retained by ARRA dollars. For instance, if one NSHE institution used its ARRA funding to pay the utility bill, then the theory was the utility funding was now available to support positions or other things. The underlying assumption was that all positions in that larger budget were impacted in some part with ARRA funds. The initial calculation looked at an average salary within that institution, divided into the actual expenditure. This would assume that if the ARRA funds were not available as many professional employees would have been eliminated as maintenance workers. He noted the 1st quarter report for ARRA funds using that methodology was 1,472 jobs. Mr. Redding believed that philosophically that approach had a lot of validity, but nationwide it turned out to be very hard to implement because of all the different budgets in K-12, higher education and governmental services. Therefore, on December 18, 2009, the federal government released new guidance for the jobs that attempted to look at exactly what those dollars supported as a subset of that larger budget.

Mr. Redding said that he mentioned earlier in the meeting that neither the Legislature or the Board of Regents allocated specific departments or programs to ARRA funding, but NSHE did have the ability to segregate ARRA dollars in the financial system, just like all federal dollars were tracked, which was a requirement for single audit purposes.

However, in the case of SFSF, which were part of a larger budget, the tracking that was set up in July 2009 as an accounting function, did not represent a strategic allocation of ARRA dollars versus other dollars. For instance, one institution allocated charges associated with graduate assistants to the funds and another institution, for accounting convenience, put an entire college on the funds. As a result, the institution that had many low-paid graduate assistants actually had a higher FTE than the institution that included deans and full professors. Mr. Redding explained that using the new methodology from the federal government, NSHE reported 1,574 jobs as of December 31, 2009, so the expenditures tied to the specific ARRA funds were lower than the average salary, which in no way implied these positions would have been cut if the ARRA funds had not existed. Mr. Redding said that his concern now was that six months into the fiscal year, the reporting now focuses on what is an accounting entry rather than an overall impact. Neither of these approaches address what the 2009 Legislature would have done and how the Board of Regents would have built their budget without the ARRA funds.

Mr. Redding stated from NSHE's perspective, no jobs within the system were created, but many jobs were retained and the overall impact on NSHE's budget was huge.

Moving to the ARRA accountability, Mr. Redding indicated that accountability was the cornerstone of ARRA. He expected to see a lot of auditors from all of the federal oversight entities, as well as a significant increase in the amount of time that external auditor had to spend to account for the jobs. Mr. Redding recalled memories in Washington of the fraud and abuse issues with Hurricane Katrina and the war in Iraq and those memories were still fresh on people's minds. There was an intense focus to make sure the ARRA funds are not subject to those same issues.

Concluding, Mr. Redding stated that all the data discussed was available for public review on the federal recovery website (www.recovery.gov), as well as the state recovery website (www.nv.gov/recovery).

Chairwoman Smith commented that she recently toured the Nevada Cancer Institute and the employees at the Institute were talking about a larger ARRA grant they hoped to receive. She noted that these employees were young college graduates, many from Nevada, and those jobs were important, and even though the numbers were small, there was something about the quality of what the state was doing in the research and development area that was vital for Nevada. In addition, she believed that was the same situation with the Desert Research Institute and the ability to keep those dedicated employees working in the state was significant.

Mr. Klaich stated that no jobs were created as a result of the SFSF, but the critical number of jobs that were retained and the scenarios that NSHE would have to go through if ARRA funds were not built into NSHE's budget fall into the same category as the individuals Chairwoman Smith described and their importance could not be overstated. He noted that NSHE looked at their 2009 state-supported operating budget

and it would be their preference to say their budget was \$592.0 million, which the Legislature determined was the level of appropriate state expenditures. A portion of that budget was ARRA-funded and there would have been incredible pain throughout NSHE without that funding. Mr. Klaich clarified that because NSHE had to report that no jobs were created from the ARRA funds enormously understated the importance of the ARRA funds to NSHE's budgets.

Chairwoman Smith was surprised that no jobs were created for research and development since there was a 7 percent increase in that area in both years, which she thought would have created new positions. Mr. Redding replied that through the September 30, 2009, reporting period, NSHE had 15.91 positions supported with ARRA funds, and it was fair to say that those were new funds coming into the state, either to bolster existing initiatives, or fund new initiatives. He noted that his reference of the 7 percent increase was for the SFSF and no positions were created. He apologized for the confusion.

Chairwoman Smith was curious about the need for NSHE's funding to be received in 2010 and all of the required reporting that needed to take place in order to receive the Phase II ARRA funding. She wondered if NSHE had a contingency plan or were they confident everything was going to take place as it should.

Mr. Klaich replied that NSHE has attended the myriad of ARRA meetings and Mr. Redding was in contact with Mr. Wells and the Department of Education staff in preparing the Phase II application. Obviously, NSHE had an enormous interest in the funding because of the outstanding funds, which supported the NSHE budget. He stressed that no funds were set-aside if the ARRA funds were not available from the federal government.

Mr. Stevens added that the Phase I funding would get NSHE through the first ten months of the draws that the system makes from the State Treasurer and before that time runs out, NSHE would have information from the federal government on the Phase II applications. He noted there were no plans at this time, but NSHE was waiting for information from the federal government on the Phase II application, so if there were any bumps in the road in the next 60 days, NSHE would be aware of the issues and could address them at that time.

Chairwoman Smith noted that Fiscal Division staff asked for functional expenditure information with regard to the ARRA funding for NSHE, which they have not received. She was aware there was some hesitancy to provide detail, which she understood, and asked Mr. Stevens to address the issue.

Mr. Stevens replied that NSHE did not fund map the ARRA funding, although for accounting purposes they have identified where the ARRA dollars were located. He stated that would not necessarily mean that if NSHE did not have the ARRA dollars that those would be the expenditures that would be eliminated. Therefore, NSHE thought

that any information provided to the Committee along those lines would be more confusing than helpful. He was unsure how valuable that information was and reiterated that NSHE has not fund mapped the ARRA funding. However, from an accounting basis, NSHE could provide information on where NSHE accounted for those funds.

Chairwoman Smith asked Mr. Stevens to work with Fiscal Division staff on the functional expenditure information with regard to the ARRA funding, which she believed would be helpful information for the committee.

Chairwoman Smith asked NSHE to keep applying for the federal funding. She was aware that NSHE was bringing in a lot of research and development funding, which was good news for the state.

Senator Townsend thanked Mr. Klaich for his candid assessment because he believed the public had misconceptions about job retention and additional jobs from the ARRA funding. He admired and respected Mr. Klaich for providing a candid assessment, which he believed was often rare. Senator Townsend commented that there were certain dollars associated with ARRA funds to account for how the money was spent so it could be reported to the issuing agency. He asked if those funds cover all NSHE's costs or were they cannibalizing additional revenue sources to meet the federal reporting requirements.

Mr. Klaich replied that NSHE has not hired additional staff to help with the ARRA reporting requirements, and additional duties were assigned to current staff throughout the system, just as other agencies have done.

Senator Townsend affirmed that the reporting requirements caused additional work for current staff, in addition to accounting for the funds, showing transparency, and providing accountability to the federal government. Senator Townsend believed that the public needed to understand that the ARRA funding did not come with a percent of funding allocated for administration or to hire an accounting firm to account for the funds. Although the funds were important and appreciated, there was the additional burden of the mechanics of actually having to implement them and respond in a way that taxpayers could understand.

Mr. Klaich agreed with Senator Townsend and emphasized what was implicit in Senator Townsend's statement was that the \$92.4 million in each of the two fiscal years was essential to the integrity of NSHE's budgets.

**Department of Health and Human Services
Director's Office, Office of Health Information Technology**

Lynn O'Mara, Health Information Technology Project Manager, Director's Office, Department of Health and Human Services (DHHS), stated that she was asked to

provide information regarding the administration of ARRA funding for the Health Information Technology (HIT) Exchange Cooperative Agreement. She referenced the handout, Request for Information to the Subcommittee for Federal Stimulus Oversight ([Exhibit G](#)) and said that the Director's Office expected to receive their notice of grant award (NOGA) soon.

Assemblywoman Leslie asked Ms. O'Mara to describe how the cooperative agreement funds would be used, specifically in terms of consultants.

Ms. O'Mara could not answer how the cooperative agreement funds would be used. She explained that Nevada was one of the few states that has not done a strategic plan for health information exchange, which was a requirement of the planning process. She noted that the application for the four-year ARRA HIT agreement was submitted as required and currently the Director's Office was in negotiation for the planning portion, which would do the strategic and operational plan. When the Director's Office submits the plan to the Office of the National Coordinator (ONC), they would be required to submit a new budget detailing the consultants that would be utilized. Ms. O'Mara said the Director's Office was required to submit the budget to ONC by mid-September 2010.

Assemblywoman Leslie commented that the deadline to submit the budget was a long way out and asked the source of the matching funds. Ms. O'Mara replied that the deadline to submit the budget was a quick turnaround considering it was a four-year grant and the entire infrastructure had to be in place by January 2014. She added that the ONC was encouraging the Director's Office to spend most of the funding in the first two years.

Responding to Assemblywoman Leslie's question regarding the matching source of funds, Shawna Derosse, Fiscal Officer, Director's Office, DHHS, replied that there were two components for the matching funds. She stated that the Director's Office was told up front what they could plan on receiving for the grant, so the dollars could be calculated for the match requirement. She indicated that state would match up to \$250,000, which was put into the grant application, and most of those dollars would come from the contingency allocation that was already approved by IFC for the Director's Office. The other source for the matching requirement would come from partners yet to be identified. She indicated that the Director's Office received \$234,000 in contingency funds and currently little of that funding was spent. As soon as the Director's Office received the NOGA, the first ten months through October 2010 when the plan was due, there was no matching requirement and all of the money spent would be federal dollars.

Assemblywoman Leslie asked if the contingency fund amount could be counted as a match even though the funding was expended previously. Ms. Derosse replied that once the Director's Office received the NOGA, any dollars spent can be counted toward the grant. Only federal dollars would be spent for the first ten months through October 2010. Ms. Derosse said the contingency funding could be counted as a

match later and she would request that any remaining funds not spent in FY 2010 balance forward to FY 2011 to meet the matching requirement for the federal award.

Assemblywoman Leslie asked about the providers and how much they were going to contribute toward the non-state match.

Ms. O'Mara replied that part of strategic planning process was to identify the key stakeholders with a vested interest. The stakeholders would be identified depending on the actual infrastructure model selected. Similar to other states, the Director's Office would approach those stakeholders to assist with the match, because they would have a vested interest in the infrastructure.

Assemblywoman Leslie asked for an example of a provider for the cooperative agreement and whether they expected a cash match or in-kind match. Ms. O'Mara replied that a provider could be a hospital system, laboratory, or an electronic medical record company that was providing the certified system for providers in the state. Ms. O'Mara replied that it had to be cash match and she was confident there were providers that would be able to step up and help with the match.

Assemblywoman Leslie asked how many state jobs would be funded through the HIT project. Ms. O'Mara responded that currently her position was the first position to be funded through the cooperative agreement, and a total of four positions were requested through the application. Ms. O'Mara indicated her initial feedback from the ONC was the possibility of one or two additional positions beyond the four; however, until she receives the NOGA she did not know the exact number of positions.

Assemblywoman Leslie asked if the positions funded by the cooperative agreement would end when the funding ended, or did she anticipate that the state or providers would pick up the positions. Ms. O'Mara replied that would have to be determined in the strategic planning process depending on the type of infrastructure that was established. She noted those positions might move over to the entity that would actually be managing the health information exchange, which other states have done.

Assemblywoman Leslie hoped the Committee would receive updates in the future on the funding because many questions could not be answered until the Director's Office went through the strategic planning process.

Chairwoman Smith asked for the list of the members serving on the Nevada Health Information Technology Blue Ribbon Task Force that were providing oversight and guidance for the successful implementation of the statewide HIT exchange. She stated the assumption was that the development of HIT would create many jobs in the private sector and she wondered if the Blue Ribbon Task Force looked at the types of jobs created and what that meant once the infrastructure was in place. Ms. O'Mara replied that was actually something that the Director's Office was required to provide in the strategic plan. She expected there would be new private sector jobs because there

would be infrastructure needs for maintenance and support, as well as professional jobs to work the systems. Ms. O'Mara stated that a requirement of the agreement was to estimate the number of jobs and the Director's Office would help to facilitate the creation of jobs.

Ms. O'Mara stated that she would provide a list of the Blue Ribbon Task Force members to the committee. She added that the member list was also available on the Director's Office website, www.dhhs.nv.gov. She indicated that the Blue Ribbon Task Force was adamant about following the open meeting law and the meetings were posted as soon as possible on the website.

Department of Health and Human Services Health Division

Mary Wherry, Deputy Administrator, Health Division, DHHS, introduced Lee Ann Hollingsworth, Administrative Services Officer III, Health Division, DHHS, and stated that the meeting material she provided was located on page 199 of the meeting packet ([Exhibit A](#)), and contained the report of federal funding received by the Health Division pursuant to the ARRA.

Chairwoman Smith asked why the Health Division has not reported on jobs created or retained when approximately 20 percent of the ARRA funding available for early intervention services has been expended.

Ms. Wherry stated that during the 2009 Legislative Session a decision was made to give up some of the General Fund money that was in the Governor's budget that went to Early Intervention Services (EIS) and replace it with ARRA funding. She indicated that the budget was built so that all of the funding was going to the private sector to help relieve the wait lists and the caseload growth that occurred in the EIS program. Therefore, the money was already intended in the General Fund budget request to go to the private sector and the ARRA funding was being used for that same purpose. The Aging and Disability Services Division was responsible for receipt of the federal funds, which came through a Part C ARRA grant, and would be tracking jobs created. Ms. Wherry stated that three new community providers came on board in Las Vegas in August 2009 to provide services to the EIS population. In addition, there was a new community provider in Reno providing early intervention services parallel to the Early Intervention Program.

Chairwoman Smith asked if the job creation or retention for the new providers would show up in the reporting.

Lee Ann Hollingsworth, Administrative Services Officer III, Health Division, replied that the jobs were reported to the Health Division by the Aging and Disability Services Division and 34.06 jobs were created with the funding. She apologized for not having the calculations with her and would provide those numbers to staff.

Chairwoman Smith questioned the status of the work program for the Woman, Infants and Children (WIC) Electronic Benefits Transfer Project Grant. Ms. Wherry replied that one of the challenges with the grant was that the federal government did not like what the Health Division put into their grant request, so the Division had to ask for a redirect and modify the budget to provide for the hiring of an integration manager to manage the process. She indicated the work program with the request for the business process analyst to implement the WIC grant was scheduled for approval at the next Interim Finance Committee meeting.

Chairwoman Smith asked about the health facilities licensing issue and the fact the Health Division has not been able to hire a contractor. Ms. Wherry stated that the challenge with this grant was the Health Division assumed that people would not be interested in a short-term employment situation and therefore the Division started with a contract worker. She noted that interviews have been conducted and offers have been made, but the position was still vacant, because the candidates wanted state employment. Ms. Wherry said the Division was reworking the grant to create a state opportunity. She believed the candidates assumed the position would convert into full-time employment with the state. In the meantime, Health Division staff was working overtime to get the state Healthcare Associated Infections (HAI) prevention plan complete, which was due January 1, 2010. She stated that they were on target with the deliverables expected, but had to modify how they were going to procure the contract worker.

Chairwoman Smith asked how the health facilities licensing issue was connected to the myriad of bills on the Hepatitis C issue and facility inspection process. Ms. Wherry replied that the Health Division had an opportunity to work with the Centers for Disease Control (CDC) and Centers for Medicare and Medicaid Services (CMS) on the survey inspection tool. She indicated that CMS had come out with a survey inspection tool for monitoring phases of a procedure to capture infection control issues. This tool gave the Health Division the opportunity to go back and survey those facilities using their instruments to ensure the facilities were still compliant with the expectations for a safe standard of practice. She noted that a state survey was conducted on the facilities, but not a full CMS survey of the facilities.

Assemblywoman Leslie asked if contract positions were fully trained and capable of overseeing the HAI prevention efforts on a short-term basis. Ms. Wherry replied that the Health Division was able to contract with staff that previously worked in that area in other states and were familiar with the process.

Marla McDade Williams, Bureau Chief, Bureau of Health Care, Quality and Compliance, commented that the infection control surveys required two registered nurses to work on a survey. She noted that CMS provided additional training to Bureau staff, and the plan was to take one of the Bureau nurses trained by the CMS guidelines, and provide a contractor, who was a medical professional, to work together as a team and meet the

CMS requirements, so they did not have to be fully trained in the CMS survey techniques.

Assemblywoman Leslie asked if there were vacancies for inspector positions or was the Bureau fully staffed. Ms. McDade Williams replied that there were ongoing vacancies and with the required furlough days, technical positions like registered nurses were moving to private sector employment where there were better opportunities. She stated the Bureau was trying to fill positions as people were resigning for other employment opportunities. In addition, the Bureau was trying to fill all the positions that were authorized as a result of the 2009 Legislative Session. She indicated that there were processes to go through and vacancies were being filled; however, she was unsure of the exact vacancy rate.

Ms. Wherry commented that the Legislative Audit would also capture how the Health Division continued to sustain improvement and timely survey processes, follow-up and the complaint process.

State Energy Office

Chairwoman Smith commented that the energy grants were one of the most frustrating areas that the Committee had been watching closely over the past several months. There was a lot of money coming to the state from the federal government that was not being spent to create jobs in Nevada.

Jim Groth, Director, Nevada State Office of Energy (NOE) introduced Sean Sever, Outreach Coordinator, NOE, and Catherine Gowen, Program Manager, NOE. Mr. Groth noted that he started his current position as the Director of the NOE on December 1, 2009, and was grateful to provide testimony to the committee. Mr. Groth said he added approximately six staff members under the ARRA grant and other grant oriented programs within the state, and the primary focus of NOE was to move forward with the development of the energy economy in Nevada. He noted that having rich and solid dialogue with a lot of entities, both in the private and public sector, to move the energy economy forward in Nevada was the mainstay and mission of the NOE. Mr. Groth stated that the NOE employees concentrate on program management, outreach, administration, energy assurance and support.

Mr. Groth testified that the NOE provided the approved ARRA expenditure plan for the state in December 2009 of approximately \$47.0 million between the three grant programs; State Energy Program (SEP) ARRA Grant (\$34.7 million); Energy Efficiency and Conservation Block Grant Program (EECBG) (\$9.7 million); and the Appliance Rebate Program and Energy Assurance Planning Grant (\$2.4 million). Mr. Groth stated that the Department of Energy (DOE) believed Nevada was expending the ARRA funds, which stimulated the economy in Nevada. Mr. Groth referenced the document, Milestone Minder, American Reinvestment and Recovery Act and Grants – Updated 12/23/09, page 207 ([Exhibit A](#)), which was also available to the public on the NOE

website, www.energy.state.nv.us. He noted the document showed the ARRA programs for NOE, highlighted the progress and identified the contact person within the NOE for those programs. The document was very fluid with constant revisions as additional funding was allocated to Nevada and as he received feedback from the Department of Energy on the concerns with the ARRA funding.

Chairwoman Smith commented that she was frustrated with the energy efficiency and conservation projects for the schools, because she was assured that the Committee would hear that bids have been let and jobs were created in Nevada. She stated that the timeline on page 209 showed that the school districts received a request from the NOE in April 2010 to identify the most energy inefficient buildings. Chairwoman Smith recalled attending a Superintendent meeting in August 2009 and the districts talked about receiving their requests and were working on those requests for the NOE, and it seemed like that process had been reinvented. At the October 2009 meeting, Mr. Brandmueller, former Director of the NOE, stated that the process was starting over in regard to the funding or provisioning to the school districts, and the NOE was unsure where all the information was from the first request. Chairwoman Smith requested an update from Mr. Groth on the status of the proposals and the dates for completion of the projects, so people can get back to work and stimulate the economy in Nevada.

Mr. Groth replied that he would not necessarily concur that the process started over in regard to the funding or the provisioning to the schools and getting money out to the school districts. The final DOE plan of the complete ARRA funding programs for Nevada of approximately \$7.5 million and \$441,000 to each school was decided upon prior to his employment with the NOE. He noted that there have been questions on the provisioning of a greater amount of funds to Clark County and Washoe County, a more demographic per capita approach to providing funding for those districts. Mr. Groth noted that NOE has moved quickly and decisions were made to see whether State Purchasing or a contractor would provide materials and if individual school districts would provide the contractors and support for the projects. Mr. Groth stated that with the help of State Purchasing a decision was made and all of the NOE funding for the energy efficiency schools project funds would be sub-granted directly to the school districts.

Chairwoman Smith stated that was frustrating because she was specifically told at a previous meeting that State Purchasing would be handling the energy efficiency projects, and it seemed like the process was being reinvented every six weeks or every time someone new comes to the NOE.

Mr. Groth replied that the NOE has moved quickly and the school districts were contacted and projects were submitted by all 17 school districts. He noted the NOE received final written authorization and approval from the DOE to transfer \$1.0 million more into Clark County and Washoe County school districts from the Feasibility Interconnections Studies program for energy projects, surpassing what the districts were previously going to receive. Mr. Groth stated the reasoning behind that, for

entities that were using the 80/20 rule, Clark County and Washoe County would be able to expend the money and had rebate applications in with NV Energy to receive rebates. In the case of Clark County and Washoe County school districts – the \$1,441,000 received would parlay into \$3.0 to \$4.0 million worth of renewable energy benefits with the renewable energy credits received from NV Energy. He noted that the signature applications were submitted for the sub-grants and the school districts should receive funding soon. He stressed that money should be out and expended to the school districts in January 2010, and districts like Washoe County and Clark County, with bona fide projects, would be able to act and respond to the projects quickly.

Chairwoman Smith commented that the timeline states that it would be June or July 2010 before the projects go to bid and get on the ground.

Mr. Groth replied that the energy efficient schools program was a September 2009 ARRA program ending April 2012; therefore, he did not look at FY 2011 and FY 2012 and think that was when they were interested in spending the funding. As the program was detailed and approved by the DOE, the rural counties would be doing their projects during the school break period of June to August 2010. However, Clark County and Washoe County will be able to use their expenditures within February through April 2010, because they had bona fide projects in the pipeline. He noted that some of the other school districts could not react as quickly because of the environmental impacts of the energy renewable projects. Mr. Groth reiterated that funding would be spent by the larger school districts within the next 60 to 90 days, and the rest of the entities would have through the summer and into the official reporting period, although they did not have to take that long to expend the funding.

Chairwoman Smith was hopeful she would hear at the meeting that the energy efficient school projects were out for bids, because she was aware there were contractors in the state starving for business and needing work. She hoped the state would not be in the same situation at the next stimulus oversight meeting.

Senator Townsend stated that he respected the frustration of Chairwoman Smith. He was part of a year-long effort to try to rehabilitate a number of the older schools in Washoe County. He said that NOE has conducted workshops and school districts have identified the projects and he wondered if there was something in federal law or state statute that prohibits NOE from giving the funding to the schools and making it their problem.

Mr. Groth replied that the NOE tried to give the school districts all the funding; however, there were environmental reporting constraints on identifying projects and the legitimacy of the projects. He noted that DOE had environmental processes and categorical exclusions. For example, if solar photovoltaic (PV) was installed on the roof it could not be placed on a building on disturbed or previously undisturbed ground, which needed to be identified by the DOE. Environmental Compliance Forms (EF-1) had to be submitted to DOE for approval on each project prior to expenditure of funds, which has been the

greatest road block recently. The NOE was only 120 days into the process and he did not want to be in the same situation at the next federal stimulus oversight meeting. The projects have been identified, approved, and were bona fide by the NOE and funding was on its way. He noted that some frustration in the workload has been shared at the federal level energy offices trying to get responses to questions from the NOE. However, he believed he had the answers and NOE would be sub-granting the funding in the next few weeks.

Senator Townsend asked if the NOE had the funding for the energy efficiency projects, and Mr. Groth replied that the NOE had the funding. Senator Townsend asked if there was any state or federal statute that prohibits the NOE from giving the funding to the districts, making it the districts responsibility to identify projects and meet the reporting requirements, so it becomes the local control and bid issue.

Responding to Senator Townsend's question, Mr. Groth said the funding could not be given to school districts to handle because of the environmental reporting requirements. He explained that the strict environmental reporting process had to be approved through the DOE energy plan through the NOE. In addition, once the school districts received the sub-grants there would be a strict reporting mechanism to indicate the districts complied with the environmental constraints put upon them within their submission forms.

Senator Townsend stated that Chairwoman Smith's frustration on behalf of people that were out of work deserved a legitimate answer on the process and why it was taking so long to get the funds on the ground. He asked if Senator Harry Reid or Senator John Ensign were aware of the troublesome issue of the environmental reporting process, through the EF-1 form. Mr. Groth believed they were aware of the environmental reporting process.

Senator Townsend said it was important for the public to understand that the state was trying to comply with all the federal requirements, which were in the way of an immediate response to job creation. He noted the jobs issue was crucial, but another component just as important was how the funding benefited the students in the state. Many Committee members visited older schools during the heat in southern Nevada or the cold winters in northern Nevada, and those elements were tough on the students.

Senator Townsend appreciated Mr. Groth's response to his concerns, although it was not what he hoped to hear. Originally, he thought the target dates for the energy efficiency retrofit projects were a misprint on the NOE handout, because he expected a different timeline based on previous testimony.

Mr. Groth responded that the timelines noted in the Milestone Minder, page 201, [Exhibit A](#), contained data from several days ago and needed to be adjusted. He indicated that the NOE was waiting for signatures from the school districts on their approved projects and then funding would be allocated to those districts.

Senator Townsend asked Mr. Groth if the NOE filled out the EF-1 form, or was that the school districts' responsibility. Mr. Groth replied that the school districts were responsible to complete the EF-1 forms with assistance from the NOE through a workshop review process on the Internet. He added that the feedback was daily to the large school districts and rural school districts, because there was disparity in knowledge for the rural districts compared to a county that has done large capital improvements and is used to filling out that type of documentation.

Chairwoman Smith stressed that it was very frustrating to see the timeline for projects continually readjusted. She understood the state was only 120 days into the program, but it was the fact that there were so many changes that was frustrating to her. She believed the answers Mr. Groth provided at the meeting would be good if the Committee heard at the next federal stimulus oversight meeting that the timelines presented today were met.

Mr. Groth added that he believed the rural counties would also be receiving their allocations, although there would be different timelines depending on the workloads in the counties and how they contract with local contractors.

Chairwoman Smith asked Mr. Groth about the ARRA Appliance Rebate Program, which was the type of thing that put money into the pockets of the citizens of the state. She asked if the intention of the program was that Nevada residents would receive rebates when purchasing a new energy efficient appliance to replace a used inefficient appliance.

Mr. Groth replied that the intention of the Appliance Rebate Program was to replace consumer appliances with more energy efficient appliances. He noted that research was done on whether the program should include heating, ventilating and air conditioning (HVAC) systems or water heaters; however, due to the relatively small per capita funds (\$2.5 million) available, the program was only available for consumer appliances. Mr. Groth stated that rebates would be available to Nevada residents who replace a used appliance with an Energy Star qualified refrigerator (\$200); freezer (\$150), washing machine (\$150), or dishwasher (\$100) from a Nevada retailer. He stated that the Appliance Rebate Program has been consummated, completed, accepted and was ready to kick off April 17, 2010, just prior to Earth Day. The state has sent a request for proposals (RFP) through State Purchasing for a rebate processing company to handle the rebates. The rebate processing company charged a six or seven dollar administrative fee for each rebate.

Chairwoman Smith was concerned about the marketing around the Appliance Rebate Program, because often the people that needed it the most were unaware of those types of programs.

Catherine Gowen, Appliance Rebate Program Manager, NOE, stated that there was money available to conduct a media outreach for the Appliance Rebate Program as soon as the rebate processing company was identified. She noted the RFP was let in December 2009, and the responses have come in and she was working with State Purchasing and several evaluators to choose the processing company to handle the rebates. As soon as the processing company was identified, NOE intended to do a media blitz with various newspapers in the state and she hoped that some television channels would be involved. In addition, 11 different retail entities – 6 large “box-type” stores and 5 small “mom and pop” stores would be involved in the program, and combined NOE was reaching approximately 50 stores.

Ms. Gowen stated the NOE was working with NV Energy and Wells Electric to place flyers in consumers’ March and April electric bills, so the majority of the state’s population would receive an electrical bill with the appliance rebate program specifics, the qualifying appliances, and location of retailers. She explained that the program would be open to all retailers in the state and NOE was trying to identify those retailers, because when the funds go down to 75 percent, NOE would call the retailers to stop the program so that people did not think they would be getting a rebate when the funds were already expended. She anticipated that the funds would be gone within the first week of the program. Ms. Gowen said the rebate processing company was being asked to provide a built-in contingency to award rebates to consumers within 30 days of receipt, because technically people could return those appliances to the major retailers within 30 days and receive a refund.

Ms. Gowen indicated that the rebate program was structured so that people had to turn in a used inefficient appliance in order to receive the rebate. The retailers would issue a receipt when the consumer purchased an energy efficient appliance and a receipt when the retailer picked up the appliance. She noted that NV Energy or Wells Electric could issue that receipt but there was the risk that the old appliance would not be picked up right away and people would not receive their rebate. Ms. Gowen indicated that many retailers were offering coinciding rebates so consumers would get an additional rebate from the retailer.

Assemblyman Goicoechea commented that most of the six counties and nine smaller cities in the district he represented, District No.35, were in the EECBG program administered through the NOE. He noted that many of his constituents, including the City of Fallon, were telling him that their plans have been submitted and they were still waiting for a response from the NOE. He requested that the NOE let the people in his district know what was going on and keep them informed of the timelines and when to expect the funding.

Ms. Gowen stated that the NOE was working with the City of Fallon and their project plan has been approved. She indicated that NOE was in the same situation as they are with the school districts, and had to do the NEPA (EF-1 form) compliance with the DOE. She indicated that all 50 states were in the same situation and Nevada was submitting

their EF-1 forms for every project, like all other states. The DOE has acknowledged that the EF-1 forms were a roadblock, and issued a request for information (RFI) from all the entities and states looking for help in how to process the forms faster. NOE could not move forward with the projects until they received approval from DOE. However, Ms. Gowen indicated that NOE was going through all projects for the EECBG funding, because projects dealing with street lighting were eligible for another source of funding. She noted that NOE would contact the cities and counties to take the street lighting projects out and fund them with a different source of funding, which actually created additional money for more projects. In addition, NOE was requesting reallocation of some of the EECBG funds so the NOE could fund projects that have come in that were over budget. She noted that there was a contingency fund of \$1.0 million, along with some additional funding in training that NOE could use to potentially fund additional projects. Concluding, Ms. Gowen stated that NOE was working closely with the cities and counties to provide funding for their projects.

Assemblyman Goicoechea reiterated that NOE needed to have better communication with the rural counties and cities. Mr. Groth replied that the communication issues were understood and well-received and regardless of the news, NOE would provide better public relations to the citizens of the rural counties and cities. Mr. Groth appreciated the concerns of the committee.

Chairwoman Smith asked about the Revolving Loan Program. She was curious why the state had to go through the process of adopting the regulations before they could move forward with the program.

Mr. Groth explained that the Revolving Loan Program was one of the least understood programs and provided short-term, low-cost loans to developers of energy efficiency, energy conservation and renewable energy projects in Nevada. He indicated regulations establishing this program were being reviewed by the Legal Counsel of the Legislative Counsel Bureau, although, he did not believe that regulations were required to move forward and get projects off the ground. For example, state contracts have already been done with the National Guard on solar projects, and public and state entities could potentially participate in that RFP and contract, submit for loan application on the Revolving Loan Program, receive funding, and start their projects relatively quickly in 2010, while the regulations were being adopted. Mr. Groth hoped that there would be significant progress in place on entities that were approved and moving forward with projects by the next stimulus oversight meeting.

Chairwoman Smith commented that in many ways the NOE had the weight of the world on its shoulders, because there was a lot of money for projects that would put people to work in the state. She added that the NOE would be presenting at every stimulus oversight meeting and hoped the news would get better at the next meeting.

E. STATUS REPORT ON THE CONTRACT TO DEVELOP AND IMPLEMENT AN AMERICAN RECOVERY AND REINVESTMENT ACT REPORTING SYSTEM.

Chairwoman Smith reminded the Committee that at the last Interim Finance Committee (IFC) meeting the Governor's Office was asked to work with the Controller's Office on potential savings to the ARRA reporting website. She appreciated the fact that everyone was very responsive, met immediately, and worked together on the reporting system.

Charles Harvey, State ARRA Director, Governor's Office, said that on November 19, 2009, he was asked by the IFC to review a proposal from the Controller's Office on the contract to develop and implement the ARRA reporting system. The Governor's Office evaluated the proposal and determined to move forward with the contract with Aeris Enterprises, Inc., which was approved by the IFC. In addition, the Governor's Office would continue to work with the Controller's Office and explore opportunities to add functionality, improve accuracy and quality of data, and enhance the ARRA reporting system. He explained that progress on the reporting system has been on preliminary tasks such as establishing a central database and loading data into the database, to finding technical architecture, implementing a Content Management System, which included procurement, installation, configuration, and creation of the website that would support charts, tables and graphs. He noted the original project plan called for four separate release updates over the course of the project and that the overall timeframe was approximately two to three weeks behind the original date, which was based on the amount of time he met with the Controller's Office while evaluating the proposal.

Mr. Harvey stated that currently the first official release was scheduled for February 1, 2010, and would contain additional views and functionality related specifically to the 1512 ARRA reporting data. The second and third releases would be combined and include a revised statewide ARRA website running under the new Content Management System, which was scheduled to go live on March 15, 2010. Mr. Harvey planned to have the second and third releases available for demonstration at the next stimulus oversight meeting. The last release would include all remaining department-specific ARRA sites and the target completion date for the entire project was March 31, 2010, prior to the next federal reporting period.

Mr. Harvey stated that there was much discussion at the meeting about the new federal ARRA reporting guidelines. He noted that after the first reporting period in October 2009, ARRA Directors met in Washington D.C. to discuss challenges and build on the mutual experiences of states and federal partners to improve reporting and increase the transparency related to ARRA funds. He noted that several taskforces were created to address data quality, communication, job calculations, and standardize the way that each state reports stimulus data. Based on the recommendations of the taskforces, the Office of Management and Budget (OMB) and the Recovery

Transparency and Accountability Board (RAT) made a number of technical, policy, and procedural changes. However, the Governor's Office recommendation put off the changes until the April 2010 reporting period. The primary change made on December 18, 2009, was how jobs were calculated, and recipients were no longer estimating jobs, but counting funded jobs, and job activities were now reported based on the number of hours worked and paid with ARRA funds. Mr. Harvey stated the hours were translated into full-time job figures by dividing the number of hours worked by hours in the full-time schedule. Hours not paid with ARRA funds do not count, and hours worked outside of the quarter do not count, so jobs were only reported on a quarterly basis and no longer cumulatively, which was the only data element that was not reported cumulatively.

Chairwoman Smith asked Mr. Harvey if he had a sense of how the jobs reported quarterly would change the jobs numbers in the reporting. She said it seemed when NSHE provided testimony earlier in the meeting that jobs reported on a quarterly basis would actually show more jobs. Mr. Harvey replied that at this point it was not determined how jobs numbers would change with the quarterly reporting, and data was still being evaluated. In addition, another change was the reporting deadline was extended to January 15, 2010, providing an additional five days in the period, which was based on holidays, number of weekends, and late guidance received from the federal government. Mr. Harvey indicated that all the data would be wrapped up by January 15, 2010, evaluated, and put on the state ARRA website as soon as possible.

Chairwoman Smith said it looked like the enhancement of the state ARRA website was on track. She said it seemed like there were some items that would be helpful from Aeris Enterprises, Inc., but they were moving forward with the contract that was originally proposed and there would be enhancements added later to the ARRA reporting database. Chairwoman Smith was anxious to see the enhanced state ARRA website and hoped it would make the state look better in the next overview.

Mr. Harvey replied that the Governor's Office continued to work with the Controller's Office on the enhancements recommended that could be added to the state ARRA reporting database.

Chairwoman Smith thanked Mr. Harvey for the grant information that was provided to staff as required in statute. She assumed the grant applications and NOGA would be reported to the Committee on an ongoing basis. Mr. Harvey replied that the grant applications or NOGA would be forwarded to Committee staff so they were current on the issues.

Mr. Harvey added that when he attended the state ARRA Director's meeting in Washington D.C. he was surprised to hear that all states were dealing with the same issues, and needed to be consistent in how they were reporting data, so there was accurate and consistent data when state comparisons were made.

Chairwoman Smith hoped that the reporting of congressional districts that do not exist would no longer be a problem in the next round of reporting now that states have been through the reporting experience. Mr. Harvey clarified that those issues seemed to be a reporting issue, not at the state level, but somehow when the data was uploaded to the recovery.gov website, those phantom congressional districts appeared. Mr. Harvey indicated that a safeguard was implemented and a quality review process validated zip codes entered as the primary place of performance, so that zip code could be compared to the congressional district.

Chairwoman Smith referred the Committee to a handout from Mary Keating, CPA, ARRA Reporting and Accountability Officer, Controller's Office, entitled Activities for the Period Ending December 31, 2009, ([Exhibit H](#)), regarding the Controllers Office's ARRA activities for the period November 2, 2009, to December 31, 2009. In addition, she noted another handout was provided entitled State of Nevada, A Report To Our Citizens on the Recovery Act, ([Exhibit I](#)).

F. INFORMATIONAL ITEM – REPORTS ON THE ACTIVITIES ASSOCIATED WITH CARRYING OUT THE STATE'S MISSION OF CREATING NEW JOBS IN THE FIELDS OF ENERGY EFFICIENCY AND RENEWABLE ENERGY BY COMBINING JOB TRAINING WITH WEATHERIZATION, ENERGY RETROFIT APPLICATIONS OR THE DEVELOPMENT OF RENEWABLE ENERGY PLANTS, PURSUANT TO SECTION 9, SUBSECTION 8 OF S.B. 152 (2009 Session).

Chairwoman Smith stated that item F was an informational item regarding the activities associated with carrying out the state's mission of creating new jobs in the fields of energy efficiency and renewable energy by combining job training with weatherization, energy retrofit applications, or the development of renewable energy plants.

1. Department of Employment, Training and Rehabilitation

Ardell Galbreth, Deputy Director, Department of Employment, Training and Rehabilitation (DETR), stated that on August 28, 2009, DETR assumed responsibility for two components of Senate Bill 152. One component was the issuance of the training request for proposal (RFP) for weatherization workers slated to fulfill the weatherization of homes throughout Nevada under the Department of Business and Industry's Housing Division and deliver and oversee the Weatherization Training Program. Mr. Galbreth noted the RFP was issued in September 2009, and DETR received five proposals, and four of the proposals were awarded funds. Notification was published in October 2009 and an interlocal agreement between DETR and the Housing Division was approved by the Board of Examiners in November 2009 for \$1,847,500. Contracts with four training providers have been let for immediate training and training services will be provided by the Associated Builders and Contractors; CHR, Inc.; Easter Seals Southern Nevada; and Truckee Meadows Community College.

Mr. Galbreth explained that during the first phase of weatherization training he anticipated approximately 300 individuals will be trained statewide; approximately 210 individuals in southern Nevada; 48 individuals in northern Nevada; and 42 individuals in the rural areas. Funding award allocations to the different training providers were, Associated Builders and Contractors - \$594,650; CHR, Inc. - \$343,176; Easter Seals - \$256,375; and Truckee Meadows Community College - \$555,800. Mr. Galbreth indicated that training would be based on employer demand, attrition, and the loss of weatherization workers to their establishment of independent businesses serving the general market. The training collaborative was in the process of being awarded funding; however, while the training gaps exists, as outlined in S.B. 152, DETR was given authority to develop a waiver process and grant waivers for each of the awarded weatherization contractors.

Chairwoman Smith asked Mr. Galbreth if he expected to extend the waiver. Mr. Galbreth did expect the need to extend the waiver. The current waiver ends in February 2010, and waivers were awarded 90 days at a time, and according to S.B. 152, at least 50 percent of the graduates had to be from the training program.

Chairwoman Smith asked the timeline for the 300 individuals being trained and the plan for employment for those individuals. Mr. Galbreth replied that the training for the 300 individuals should be complete by the end of June 2010. As the individuals complete training, at least 50 percent would be assigned weatherization training jobs through the Housing Division contract. He stated that the trained weatherization workers would then have jobs in the weatherization-funded programs.

Chairwoman Smith said it sounded like the state was behind and only 84 energy assessments were complete when the plan was to have more assessments done at this point.

2. Department of Business and Industry, Housing Division

Hillary Lopez, Chief of Federal Programs, Nevada Housing Division, stated that the Housing Division had some backlog in terms of getting up and running and waiting for the Department of Labor to issue wage rates for preparing groundwork and meeting the S.B.152 requirements. She indicated that production started in November 2009, and 7 units were weatherized through December 31, 2009, making 84 units weatherized to date, which was behind where they had initially anticipated. However, the sub-grantees anticipated 493 units would be weatherized in January 2010, which would put the Housing Division back on track for meeting their goal through June 2010, of 1,952 units weatherized.

Chairwoman Smith asked how the Housing Division was able to catch up if only 84 units were weatherized to date. Ms. Lopez replied that one of the things that came into play was the waiver put in place by DETR, which allowed contractors to begin work. She said that DETR has ramped up in terms of adding contractors to the programs. In addition, contractors have added staff at this point and additional staff could be added

as trainees go through the program, which would increase production. Ms. Lopez indicated that currently there was a pipeline project, and the largest grantee was expecting to weatherize over 700 units.

Chairwoman Smith asked if the 700 units to be weatherized was a waiting list of people that were ready to have the energy assessment. Ms. Lopez replied that her understanding was that DETR was currently working with those clients to assess their eligibility; some were single-family residences or multi-family residences and the whole multi-family property had to be qualified.

Senator Townsend asked how long and seamless was the process from the time of the assessment to when the work on the energy projects began.

Ms. Lopez replied that it was her understanding the sub-grantees sent someone out to do the assessment, the contractor scheduled the work, which took place fairly quickly after the assessment was complete. Ms. Lopez noted that all of sub-grantees have staff to conduct the assessments.

Craig Davis, Weatherization Program Manager, Nevada Housing Division, stated that the process of weatherization for consumers was a fairly seamless process. He explained that the assessment was done once the application was approved. The assessment was done by the contractor and reviewed by the sub-grantee, a work order was drafted and approved, and then the weatherization work would begin. He noted that sometimes the contractor had to order items, such as windows or doors, but most often the weatherization work can start within two weeks after the assessment was complete.

Senator Townsend asked if there were exit interviews for individuals that complete the training program to find out if the program met their expectations and if they learned a new skill and obtained work. He wondered how DETR knew the amount of money the state was spending on weatherization training was helpful to the individuals who received training.

Mr. Galbreth replied that DETR tracked the individuals as they moved through the training process. Once the individuals were trained and placed in employment, they were tracked for at least six months, which would be reported to the Department of Energy and under the Workforce Investment Act.

Senator Townsend asked if an exit interview was also given to the client to see if the weatherization process was smooth, if they were appreciative of the assessment, and if the contractor did a good job. Mr. Davis replied that each client that received weatherization assistance was given a survey and asked a number of different questions regarding the process. Any negative comments or concerns were referred back to the sub-grantee, who then would contact the contractor. Mr. Davis indicated

that when the work was complete the consumer signed off on a building weatherization report if the work was done to their satisfaction.

Senator Townsend asked if there was a way for NV Energy to track consumers that have gone through the weatherization program. He believed the drop in energy costs for consumers that participated in the weatherization projects could be tracked without additional costs to the state. Mr. Davis replied that the Housing Division tried that with actual billing analyses and compared the energy savings through the energy audit software program developed and approved by the DOE, but it was an estimated engineered savings – therms and kilowatt hours. He noted with the Funds for Energy Assistance Conservation program administered by the Housing Division there was an evaluation done each year. In addition, the possibility of comparing actual versus engineered estimated savings was discussed. Mr. Davis could not speak on behalf of NV Energy or Southwest Gas, but he believed an analysis could be done.

Senator Townsend believed it was important to identify the realization of savings and it was good for Southwest Gas and NV Energy because they could share the savings and successes with other states. He stressed that the only way to manage the energy problem in Nevada was by cutting consumption. Senator Townsend thought that an analysis would be easy for NV Energy and Southwest Gas to do once they had the address of the weatherization project.

Mr. Davis agreed with Senator Townsend. He noted that in 1982 he did some billing analyses with a power company and in a few instances he saw that consumption usage had gone up. Often a family member would move into the home, a baby was born, or someone purchased a water bed, so when doing a billing analyses there were a lot of questions that need to preface the analyses to verify why usage changed. Mr. Davis said that conducting a cost analysis was looked at in the past and there was no reason why it could not be done; however, the utility companies needed a year prior and a year post to conduct the analyses.

Thomas Morley, representing Laborers International Union, Local 872, Southern Nevada, stated that the Laborers Union, Local 872, was the first and only training collaborative in Nevada that was compliant with every aspect of the criteria set forth in S.B. 152. He noted that the Laborers 872 was State Apprenticeship Council (SAC) approved and College of Southern Nevada (CSN) accredited. The collaborative consists of Laborers 872 training; Help of Southern Nevada; Nevada Partners; CSN; and Truckee Meadows Community College. Mr. Morley stated that he had concerns with what DETR was reporting at the meeting and would like to bring certain issues to light. Mr. Morley explained that the Laborers Union has been involved with weatherization training since July 2009. He noted that Senator Schneider, Senator Horsford and other local elected officials attended their first graduation. To date, approximately 120 individuals were trained – 35 individuals were working with contractors with Help of Southern Nevada and were new contractors for weatherization.

Mr. Morley had concerns regarding DETR's Weatherization Training Program. He said that representatives from DETR said the RFP for weatherization training was issued on September 10, 2009, with proposals due by close of business on September 30, 2009. Mr. Morley stated that in August 2009 before the RFP was released, Assemblyman James Ohrenschall requested that the Laborers Union 872 be put on the Governor's Workforce Board Subcommittee meeting agenda, which was denied by Mindy Elliot, because at that point the RFP had not been processed and let out to the public. After the RFP was submitted, Laborers Union 872 submitted a grant proposal with Truckee Meadows Community College and several entities were awarded funding; Easter Seals; Associated Builders and Contractors; CHR, Inc.; and Truckee Meadows Community College. Mr. Morley stated that one of his concerns was why the state was spending \$1.8 million in taxpayer dollars that could be used for projects, when Local Union 872 has spent \$1.0 million to date on training and equipment. Furthermore, Mr. Morley had concerns with Associated Builders and Contractors (ABC) being awarded funding at this point because Ms. Clara Andriola chaired the Governor's Workforce Investment Board Subcommittee, and is the president of the Sierra Nevada Chapter of the Associated Builders and Contractors, which was the largest recipient of the grant training money. Mr. Morley believed that was a conflict of interest and asked that money be suspended from ABC until either Ms. Clara Andriola resigned as the chair of the Subcommittee, or ABC gives the funding back and dropped their grant application.

Continuing, Mr. Morley stated that DETR anticipated 300 individuals would be trained in weatherization, and Laborers Union 872 already trained 120 individuals, and were SAC approved and CSN accredited. Mr. Morley noted that rather than the waivers that DETR granted, Laborers Local 872 could have been approved as a training collaborative. However, Laborers Union 872 has reached out both by personal message through Assemblyman Ohrenschall to be put on the agenda, and through letters to Mindy Elliott through the Laborers Union 872 attorney's office, as well as Mr. Mosley. Mr. Morley indicated that he had certified documentation contained in his handout, Laborers Local 872, Weatherization Apprenticeship ([Exhibit J](#)). Mr. Morley stated that DETR indicated that training would be based on employer demand and Laborers 872 had a mobile training center as required by S.B. 152 that could train in all three regions in the state – Northern Nevada, Southern Nevada and rural regions. Laborers Local 872 had experienced trainers that could travel to those areas if needed and demand was there.

Mr. Morley stated that DETR indicated that the training collaborative received waiver letters, which were approved by the Attorney General's office in October 2009, and only good for 90 days, which led him to believe the letters were due to expire on January 16, 2009. Continuing, Mr. Morley said the DETR said each waiver would provide a 90-day waiver of the 50 percent training graduate requirement. At the conclusion of 90 days, if there are still insufficient graduates available, the contractors may request an additional 90 days. Mr. Morley believed that DETR did not need the additional waiver and it did not need to be extended because the Laborers Local 872

had a certified SAC approved, and CSN accredited program that meets and exceeds the DOE standards.

Concluding, Mr. Morley said that as of January 4, 2010, DETR has approved 23 waivers and wondered why more waivers needed to be approved. The Laborers Local 872 spent \$1.0 million on weatherization training, which came from grants from their international union, and no taxpayer money was used. Mr. Morley said that Laborers Local 872 employed 35 people creating a career ladder for workers; workers attended life skills classes through Nevada partners; and graduated from Build Nevada, which was a training collaborative put together by Nevada Partners and building trades in southern Nevada. For the first time graduates did not have dead-end jobs, had benefits, and were not required to join a union because they were hired through a secondary temporary service, which paid into a trust fund for their benefits. After one year of service in the weatherization industry, the workers had a direct admit to the apprenticeship program creating a career ladder, which he believed was of extreme importance.

Chairwoman Smith stated that this was a lot of information for the Subcommittee, particularly since the members did not receive the handout in advance of the meeting. In addition, it was difficult for DETR to respond without having the information he was referring to in writing. She told Mr. Morley that they would talk after the meeting to see if they could come to some resolution to the issues. She added that the issues could be placed on a future meeting agenda if needed. Chairwoman Smith said that Mr. Morley brought up a lot of important information, which was ultimately about jobs. She asked him to provide all his information to staff and the Committee so everyone could get together to figure out a plan and solution.

Mr. Morley reiterated his concerns with Associated Builders and Contractors (ABC) being the largest recipient of the grant training funding and the fact that Mr. Clara Andriola chaired the Governor's Workforce Investment Board Subcommittee, and is the president of the Sierra Nevada Chapter of the Associated Builders and Contractors. Mr. Morley stated that no minutes from the Governor's Workforce Board meetings have been provided or available online from DETR, the Housing Division, or the Subcommittee for the August, September, and October 2009 meetings. On December 9, 2009, he formally requested through Assemblyman Ohrenschall, as well as their attorney's office, to be put on the Governor's Workforce agenda and the next meeting was tomorrow, January 13, 2010. Mr. Morley said that he would provide the handout, Laborers Local 872, Weatherization Apprenticeship ([Exhibit J](#)) to the Committee and thanked them for their time.

Chairwoman Smith asked Mr. Mosley to respond to Mr. Morley's concerns; however, she was aware it was difficult to respond without a copy of Mr. Morley's presentation.

Mr. Mosley stated that he received the letters from the Laborers Local 872 attorney's office requesting to be put on the agenda for the board meeting at the same time he received countless letters from a variety of different contractors that wanted to be a part of the DETR training. The Governor's Workforce Board has its own chair, policies and regulations. He noted that Ms. Clara Andriola is a member of the Board and was prior to the weatherization contract and prior to Senate Bill 152. He noted that the Governor's Workforce Board was self regulating. He referred to Ardell Galbreth, Deputy Director, who has worked in the areas of workforce for over 20 years and could respond directly to this particular proposal and the RFP.

Chairwoman Smith requested an answer to the issue of the minutes not being available, which was a concern. She hoped that issue was resolved and asked if the meeting minutes were available online.

Mr. Galbreth replied that the Governor's Workforce Board meetings minutes are available and anyone requesting copies could receive them. Normally, the meeting minutes were not available online, but anyone could request a hard copy of the minutes from himself or Tammy Nash, Employment Security Division Chief, DETR.

In regards to the grant awards that were allocated or let, Mr. Galbreth stated that DETR did do the RFP process and any entity that wanted to be part of the training process was encouraged to submit a proposal. He noted that five proposals were received; none from the Laborers Local 872. He noted that DETR went through the RFP process using State Purchasing and all the requirements of statute were followed.

Senator Mathews stated that it seemed like there was conflict of interest on more than one issue and she hoped the issues Mr. Morley brought up were addressed.

G. INFORMATIONAL ITEM – RESPONSES FROM THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION TO QUESTIONS OF THE SUBCOMMITTEE AT THE NOVEMBER 10, 2009, MEETING RELATING TO ALLOCATION AND ADMINISTRATION OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING.

Chairwoman Smith said that Agenda Item G was an informational item on the responses from DETR from questions of the Subcommittee. She indicated that DETR provided their responses to questions in booklet form, ([Exhibit K](#)) and given the late hour, she asked the members to review the document and the Subcommittee would discuss the issues at the next meeting. She believed that DETR would be presenting testimony at every meeting due to the amount of money that was flowing through the department.

Ms. Jones provided updated information since the booklet was compiled, [Exhibit K](#), and stated that the expiration date of the COBRA subsidy to individuals who find themselves unemployed has been extended through February 28, 2010, as opposed to

December 31, 2009, as reflected in the booklet. She said the change was due to the timing issue of when the report was done to when federal guidance was provided.

Chairwoman Smith thanked Ms. Jones for the updated information. She was happy to hear that the COBRA subsidy was extended because she believed the COBRA funding was an important ARRA-funded program. She asked Ms. Jones if there was discussion about further extensions.

Ms. Jones replied that she understood that the extension of the COBRA program, as well as the variety of provisions in ARRA pertaining to the Unemployment Insurance programs, were only extended to February 28, 2010, due to debt ceiling issues at the federal level. As soon as those issues were addressed, the word she was hearing was all those provisions would be extended as part of the next larger jobs package. However, it was very soft at this point and even with these extensions, from hour to hour things were very fluid and moving as DETR was trying to compose the document. Ms. Jones hoped the COBRA subsidy and Unemployment Insurance programs would be extended as part of the larger jobs package.

H. INFORMATIONAL ITEM – MONTHLY REPORT ON THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE PURSUANT TO THE REQUEST OF THE SUBCOMMITTEE.

Ms. Jones stated that the news was not good regarding the Unemployment Insurance Trust Fund balance and the Employment Security Division (ESD) to date has borrowed approximately \$163 million to continue the payment of the state Unemployment Insurance (UI) benefits as the state ran out of funds in October 2009. To update the Subcommittee, Ms. Jones stated that for the week ending January 2, 2010, the state paid out \$44.0 million in benefits that week; \$20.0 million of it being from the state benefit program, so the state was paying out \$20.0 million a week for which it had to borrow every time there was not enough money in the UI trust fund. Ms. Jones stated it would be lowest collection period for taxes because it was the 4th quarter of the preceding calendar year where the taxable wage limits have been met by the majority of workers and employers in the state. Ms. Jones only expected to collect approximately \$39.0 million this quarter, so when the state was collecting \$39.0 million for a quarter and paying out \$20.0 million a week in state benefits, the state would have to continue to borrow significant funds in order to continue to pay state benefits.

Chairwoman Smith appreciated the work of the employees of ESD in helping people get their state benefits timely. She was aware the unemployment load was tremendous and was thankful the ESD was open on Saturdays to help the constituents of the state that needed unemployment benefits.

I. PUBLIC COMMENT.

Chairwoman Smith asked the Committee members to forward staff any items they wanted addressed at a future meeting.

Chairwoman Smith asked for public comment.

J. ADJOURNMENT.

Being there was no public comment; the meeting was adjourned at 6:07 p.m.

Respectfully submitted,

Donna Thomas, Committee Secretary

APPROVED:

Assemblywoman Debbie Smith, Chairwoman

Date:_____

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775) 684-6821.