MINUTES OF THE MAY 5, 2022
MEETING OF THE
INTERIM FINANCE COMMITTEE

Chair Chris Brooks called a special meeting of the Interim Finance Committee (IFC) to order at 9:30 a.m. on May 5, 2022, via videoconference. Pursuant to *Nevada Revised Statutes* (NRS) 218A.820, there was no physical location for this meeting.

COMMITTEE MEMBERS PRESENT:
Senator Chris Brooks, Chair
Assemblywoman Maggie Carlton, Vice Chair
Senator Nicole Cannizzaro
Senator Moises Denis
Senator Marilyn Dondero Loop
Senator Pete Goicoechea
Senator Scott Hammond
Senator Dallas Harris
Senator Heidi Seevers Gansert
Senator Don Tatro
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Michelle Gorelow
Assemblyman Gregory Hafen
Assemblywoman Heidi Kasama for Assemblywoman Jill Tolles
Assemblyman Glen Leavitt
Assemblyman C.H. Miller for Assemblywoman Sandra Jauregui
Assemblywoman Brittney Miller
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Sarah Peters
Assemblyman Tom Roberts
Assemblywoman Robin Titus
Assemblyman Howard Watts
Assemblyman Steve Yeager

COMMITTEE MEMBERS EXCUSED:
Assemblywoman Sandra Jauregui
Assemblywoman Jill Tolles

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:
Brenda Erdoes, Director, Legislative Counsel Bureau
Wayne Thorley, Senate Fiscal Analyst
Sarah Coffman, Assembly Fiscal Analyst
Alex Haartz, Chief Principal Deputy Fiscal Analyst
Brody Leiser, Chief Principal Deputy Fiscal Analyst
Bryan Fernley, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Jessica Dummer, Deputy Legislative Counsel
Tom Weber, Fiscal Analysis Division Secretary

EXHIBITS:
Exhibit A: Meeting Packet
Exhibit B: Public Comment - Terri Laird, Retired Public Employees of Nevada
Exhibit C: Public Comment - Stephen Lackey, The Mob Museum

A. ROLL CALL.

Tom Weber, Secretary, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), called the roll; all members were present except Assemblywoman Jauregui and Assemblywoman Tolles, who were excused.

B. PUBLIC COMMENT.

JAMELLE NANCE (Director, Strong Start Nevada, Children's Advocacy Alliance):
I am speaking in support of Agenda Items E-19 and F-6. Agenda Item E-19, Department of Health and Human Services (DHHS), Division of Welfare and Supportive Services (DWSS), Child Assistance and Development specifically asks for additional federal American Rescue Plan Act funds to provide competitive grants for child care provider expansion.

Child care provider expansion will provide access to learning experiences that Nevada's children desperately need and deserve. Furthermore, child care expansion will increase the sustainability of the state's overburdened providers. It is important that child care providers are available to best serve Nevada's children, family and workforce.

Agenda Item F-6, DHHS, Division of Public and Behavioral Health (DPBH), Women, Infants and Children (WIC) Food Supplement asks for additional funds to implement an online ordering system. The request will allow WIC recipients to access nutritious food for pregnant women, infants, and children.

The online ordering system is best known for its convenience, time saving attributes, and ease of use. Households that participate in WIC should have the opportunity to shop for food online, especially households experiencing nutritional deficiencies. The online ordering system will increase the utilization of services impacted by the COVID-19 pandemic and decrease barriers such as a lack of transportation.
The Children's Advocacy Alliance strongly urges the Committee's support for both Agenda Items E-19 and F-6.

C. APPROVAL OF THE MINUTES OF THE OCTOBER 21, 2021, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE OCTOBER 21, 2021, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

D. STATEMENT OF AMERICAN RESCUE PLAN ACT, CORONAVIRUS STATE FISCAL RECOVERY FUND OBLIGATIONS AND REMAINING RESERVE BALANCES WITHIN THE COVID-19 RELIEF PROGRAMS BUDGET ACCOUNT.

BRODY LEISER (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau [LCB]):
The statement of American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Fund (CSFRF) obligations and remaining reserve balances within the COVID-19 Relief Programs Budget Account begins on page 99 of the meeting packet (Exhibit A). The statement starts with a one-page summary. The format and layout of the statement that was presented at the April 7, 2022, IFC meeting have not changed.

The items submitted for consideration today total $32,058,722. If all items submitted for consideration are approved by the Committee, the remaining unobligated balance of CSFRFs would total approximately $1.3 billion. At its April 7, 2022, meeting, the Committee approved to set aside $100 million for allocations to state agencies. There are ten requests before the Committee today totaling $5.1 million that, if approved, would allocate funds from the $100 million set aside for state agencies.

The obligations located on pages 100 through 102 of the meeting packet (Exhibit A) detail the commitments approved by the Committee to date. The items submitted for consideration by the Committee today are noted on page 103 of the meeting packet (Exhibit A). There are 26 items on the agenda relating to ARPA funding requests including:

- Twelve work programs to facilitate seven requests that allocate funds under the Office of the Governor's nonprofit ARPA Community Recovery Grant program.
- Two companion work program requests to increase child care facility capacity through competitive grants.
- One work program request to realign expenditure categories within the COVID-19 Relief Programs Budget.
- Eleven work programs requesting allocations of funds from the $100 million set aside for state agencies.

I would note that Agenda Item E-26, Tahoe Regional Planning Agency (TRPA) on page 103 of (Exhibit A) was withdrawn. The TRPA is exempt from provisions of the State Budget Act pursuant to NRS 353.246. The TRPA is not required to receive approval from the IFC for work program revisions. The Office of the Governor approved the TRPA's request for $250,000 in CSFRF obligations to digitize its records, which is reflected on the breakdown statement under the section for the $100 million set aside for state agencies.

The breakdown statement for select CSFRF obligations is located on pages 104 through 106 of the meeting packet (Exhibit A). The breakdown statement, which was presented at the April 7, 2022, IFC meeting, provides details of certain obligations noted on the beginning of page 104. Updates to this section of the breakdown statement include items

approved by the Governor's Office of Finance (GFO) after the April 7, 2022, IFC meeting. The breakdown statement also includes requests for the Committee's consideration today for allocations of funds under the $100 million set aside for state agencies.

There are four items located on page 105 of the meeting packet (Exhibit A) that did not require IFC approval but have been approved by the Office of the Governor. These include:

- $250,000 for the TRPA to digitize its records.
- $291,760 for the Peace Officer Standards and Training Commission to offset a court assessment revenue shortfall. IFC approval was not required for the revenue shortfall since there was no change in the categorical expenditure levels; it was only a revenue offset.
- $13,440 for the Department of Administration, Mail Services Division for an equipment purchase. The revision did not meet the threshold levels requiring IFC approval.
- $13,275,000 for the Nevada Judiciary, Administrative Office of the Courts to fund a statewide e-filing solution. The Judicial Branch is exempt from certain provisions of the State Budget Act pursuant to NRS 353.246, therefore this request did not require approval by the IFC.

If the Committee approves all ten requests for allocations, when considering the allocations previously approved by the IFC and by the Office of the Governor, there would be approximately $75.2 million in remaining authority to obligate under the $100 million approved to be set aside to state agencies.

E. APPROVAL OF WORK PROGRAM REVISIONS FOR THE EXPENDITURE OF AMERICAN RESCUE PLAN ACT, CORONAVIRUS STATE FISCAL RECOVERY FUNDS, IN ACCORDANCE WITH NRS 353.220.

WAYNE THORLEY (Senate Fiscal Analyst, Fiscal Analysis Division, LCB):
The following items have been identified for additional discussion: Agenda Items E-10, Office of the State Controller; and E-17, DHHS, DPBH.

Agenda Item E-26, TRPA was withdrawn on April 4, 2022, after the agenda for this meeting was posted.

SENATOR SEEVERS GANSERT:
I would like Agenda Item E-23, Department of Employment, Training and Rehabilitation (DETR) to be pulled for additional discussion.

SENATOR GOICOECHEA:
I would like Agenda Item E-25, Department of Conservation and Natural Resources (DCNR), Division of Forestry to be pulled for additional discussion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS UNDER AGENDA ITEM E.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

1. **Office of the Governor - COVID-19 Relief Programs - FY 2022**
Transfer of $84,000 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to support an allocation to the Department of Agriculture to fund subawards to the White Pine Ministerial Association Incorporated Food Bank and the Carson Valley Community Food Closet to address food insecurity. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **RELATES TO ITEM E.12. Work Program #22FR132736**

Refer to motion for approval under Agenda Item E.

2. **Office of the Governor - COVID-19 Relief Programs - FY 2022**
Transfer of $1,000,000 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to support an allocation to the Department of Health and Human Services, Division of Child and Family Services to fund a subaward to the Special Olympics Nevada for the Strong Minds program. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **RELATES TO ITEM E.20. Work Program #22FR132735**

Refer to motion for approval under Agenda Item E.

3. **Office of the Governor - COVID-19 Relief Programs - FY 2022**
Transfer of $118,170 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to support a subaward to the Assistance League of Las Vegas to provide clothing and school supplies through Operation School Bell. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **Work Program #22FR132739**

Refer to motion for approval under Agenda Item E.

4. **Office of the Governor - COVID-19 Relief Programs - FY 2022**
Transfer of $106,386 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to fund a subaward to the Fallon Youth Club for the purchase of two vans to transport youth to educational enrichment activities. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **Work Program #22FR132737**

Refer to motion for approval under Agenda Item E.

5. Office of the Governor - COVID-19 Relief Programs - FY 2022
Transfer of $4,871,584 from the American Rescue Plan Act (ARPA) Projects category to the ARPA Community Recovery Grants category to separate and provide transparency for approved Community Recovery Grant projects from other ARPA Projects. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **Work Program #22FR132738**

Refer to motion for approval under Agenda Item E.

6. Office of the Governor - COVID-19 Relief Programs - FY 2022
Transfer of $44,280 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to support an allocation to the Department of Health and Human Services, Division of Welfare and Supportive Services to fund a subaward to the Ely Co-Op Magic Carpet Preschool for staffing, training, personal protective equipment, and supplies. Requires Interim Finance approval since the cumulative amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **RELATES TO ITEM E.18. Work Program #22FR132740**

Refer to motion for approval under Agenda Item E.

7. Office of the Governor - COVID-19 Relief Programs - FY 2022
Transfer of $506,428 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to support an allocation to the Department of Health and Human Services, Division of Child and Family Services to fund a subaward to The Shade Tree to provide services to victims of domestic violence. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **RELATES TO ITEM E.21. Work Program #22FR132741**

Refer to motion for approval under Agenda Item E.

8. Office of the Governor - COVID-19 Relief Programs - FY 2022
Transfer of $199,458 from the Community Recovery Grant Reserve category to the American Rescue Plan Act (ARPA) Community Recovery Grants category to support an allocation to the Department of Employment, Training and Rehabilitation to fund a subaward to the Community Services Agency to facilitate a workforce program that would provide work experience to at-risk youth. Requires Interim Finance approval since the amount transferred to the ARPA Community Recovery Grants category exceeds $75,000. **RELATES TO ITEM E.22. Work Program #22FR132742**

Refer to motion for approval under Agenda Item E.

9. Office of the Governor - COVID-19 Relief Programs - FY 2023

Transfer of $30,000,000 from the Reserve category to the American Rescue Plan Act (ARPA) Child Care category to support an allocation to the Department of Health and Human Services, Division of Welfare and Supportive Services to fund competitive grants for child care provider expansion. Requires Interim Finance approval since the amount transferred to the ARPA Child Care category exceeds $75,000. **RELATES TO ITEM E.19. Work Program #23FR132708**

Refer to motion for approval under Agenda Item E.

10. Office of the State Controller - FY 2023

Addition of $399,083 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund three full-time positions and one contracted position to support the increased workload related to additional federal funds received. Requires Interim Finance approval since the amount added to the Personnel category exceeds $75,000. **Work Program #23FRF11301**

Agenda Items E-10 and E-17 were discussed jointly. Refer to discussion and motion for approval under Agenda Item E-17.

11. Department of Taxation - FY 2022

Addition of $201,637 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to upgrade the department's network switch infrastructure and purchase an audio-visual system for the board/training room in the new Las Vegas office. Requires Interim Finance approval since the amount added to the Federal Grants ARPA category exceeds $75,000. **Work Program #22FRF23611**

Refer to motion for approval under Agenda Item E.

12. Department of Agriculture - Commodity Foods Distribution Program - FY 2022

Addition of $84,000 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund subawards to the White Pine Ministerial Association Incorporated Food Bank and the Carson Valley Community Food Closet to address food insecurity. Requires Interim Finance approval since the amount added to the ARPA Community Food Grant Notice of Funding Opportunity category exceeds $75,000. **RELATES TO ITEM E.1. Work Program #22FR136211**

Refer to motion for approval under Agenda Item E.

13. Gaming Control Board - FY 2022

Addition of $410,859 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund the replacement of electronic data storage systems. Requires Interim Finance approval since the amount added to the ARPA Funds category exceeds $75,000. **Work Program #22FRF40611**

Refer to motion for approval under Agenda Item E.

14. Gaming Control Board - FY 2022
Addition of $800,823 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery funds transferred from the COVID-19 Relief Programs account to fund the replacement of aging hardware and software. Requires Interim Finance approval since the amount added to the ARPA Funds category exceeds $75,000. **Work Program #22FRF40612**

Refer to motion for approval under Agenda Item E.

15. Gaming Control Board - FY 2022
Addition of $208,110 in federal American Rescue Plan Act (ARPA) funds transferred from the COVID-19 Relief Programs account to fund the replacement of videoconferencing equipment, forensic software and hardware, and a microfiche/microfilm scanner. Requires Interim Finance approval since the amount added to the ARPA Funds category exceeds $75,000. **Work Program #22FRF40613**

Refer to motion for approval under Agenda Item E.

16. Department of Health and Human Services - Public and Behavioral Health - Office of Health Administration - FY 2022
Addition of $477,606 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund a portion of an electronic contract and grant management system. Requires Interim Finance approval since the amount added to the Contract Management System category exceeds $75,000. **Work Program #22FRF32231**

Refer to motion for approval under Agenda Item E.

17. Department of Health and Human Services - Public and Behavioral Health - Office of Health Administration - <u>FY 2023</u>
Addition of $369,823 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund three additional fiscal positions and one part-time contracted fiscal position to assist with the increased workload caused by additional COVID-19 funding. Requires Interim Finance approval since the amount added to the Personnel category exceeds $75,000. **Work Program #23FRF32231**

Agenda Items E-10 and E-17 were discussed jointly.

CATHERINE BYRNE (State Controller, Office of the State Controller):
The Office of the State Controller (Controller's Office) is submitting a work program for FY 2023. The Controller's Office is requesting $399,083 for three full-time positions and one contract position. The Controller's Office needs the additional positions to support the rise in accounting and reporting workload responsibilities due to funding from the American Rescue Plan Act (ARPA) and Coronavirus State Fiscal Recovery Fund (CSFRF) made available to the state. The positions will provide the

labor resources required to facilitate and continue timely and accurate financial accounting processes needed for projects funded with ARPA and CSFRF money.

The request for a contractor and three full-time positions will assist the Controller's Office with bank reconciliations under Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The Controller's Office is currently eight months behind in completing the reconciliations. The three full-time positions will assist with the additional accounting and reporting workload responsibilities.

DEBI REYNOLDS (Deputy Administrator, DPBH, DHHS):
Through Agenda Item E-17, the DPBH is requesting $369,823 in federal ARPA funding from the GFO to support three additional temporary interim fiscal full-time employees (FTE), as well as ongoing funding for a part-time contracted management analyst. The Committee previously approved Work Program #C54940 and authorized the transfer of $682,000 in federal workforce development grant funds to support ten temporary interim fiscal FTE positions. The division filled seven of the ten positions and currently is in the process of filling the remaining three positions.

The division has continued to experience tremendous growth in its budget, the number of programs it oversees, and is seeing an increase in the complexity of its grants and contractual documents. Since the beginning of 2020, the DPBH has received over $760 million in funding specific to the COVID-19 pandemic. This includes 54 direct federal grants, as well as CARES Act and ARPA funds received through the GFO.

The ten previously approved interim positions work on multiple budgets and are assigned throughout the fiscal administration unit in areas including cost allocation, budgeting, accounting, grants management, grant administration and contracting. The three new interim positions requested in this work program will assist with ARPA and other COVID-19 specific funding projects. The positions will focus on fiscal management with increased attention to compliance and quality assurance.

ASSEMBLYWOMAN KASAMA:
There was mention that the Controller's Office is eight months behind on its bank reconciliations. Was this caused by loss of staff during the COVID-19 pandemic? Has this been an ongoing problem? Why is the Controller's Office eight months behind on bank reconciliations?

MS. BYRNE:
Over the last couple of years, the Controller's Office has become increasingly behind schedule on the state reconciliation process. Currently, it is further behind than I ever recall in the time I have been with the Controller's Office. The bank reconciliation is only part of the issue. The extra interim positions are necessary to assist with bank reconciliation preparation, the scheduling of federal awards and to collaborate with federal auditors. The positions will assist in prioritizing tasks, completing work in a timely manner and addressing the backlog of issues resulting from the COVID-19 pandemic.

ASSEMBLYWOMAN KASAMA:
I understand that the backlog problem has become exacerbated over time. Is there a plan to complete the reconciliations monthly? I am concerned that the state is falling too far behind with its bank reconciliations.

MS. BYRNE:
I agree that the Controller's Office should complete the bank reconciliations in a timely manner. The bank reconciliation issue has progressed over time, which is why the Controller's Office has requested a contract position to make its reconciliations current. The Controller's Office will reorganize its duties so that the interim positions will be assigned to work specifically on scheduling federal awards and meeting reporting requirements. The agency services section of the Controller's Office performs the bank reconciliations.

ASSEMBLYWOMAN KASAMA:
Please ensure that the bank reconciliations are completed on a monthly basis.

ASSEMBLYWOMAN MONROE-MORENO:
The Controller's Office has identified $1.4 million in future expenditures for which ARPA funding is needed. Similarly, the DPBH has identified $1.0 million in future expenditures for which ARPA funding is needed. Is there a representative from one of the agencies that can explain how the Controller's Office will track future expenditures and how the obligations will extend past the current biennium? I do not want to be in a position of obligating the state's allocation of the COVID-19 dollars without a tracking mechanism.

MS. BYRNE:
Each of the requested positions have work performance standards and employee evaluation processes. The Controller's office has work performance standards that specifically spell out the duties for each position.

MICHAELA WOODBURN (Chief Accountant, Office of the State Controller):
The Controller's Office has work performance standards that clarify tasks and ensure specific duties are performed. Additionally, the office's accounting system monitors and tracks payroll to confirm that duties are completed.

ASSEMBLYWOMAN MONROE-MORENO:
I appreciate the explanation regarding tracking work performance standards, but my question is about the fiscal side of the obligations. How will funds that extend past the current biennium be tracked?

SUSAN BROWN (Director, GFO, Office of the Governor):
The GFO is tracking expenditures through the expiration of the funds, which is December 2026. The GFO is aware that there are expenses that it is currently obligating that are not necessarily being approved but are still included in its budget. The GFO will maintain a tracker to ensure that it is not over obligating these funds.

ASSEMBLYWOMAN MONROE-MORENO:
I appreciate knowing that future expenditures are being tracked as ARPA obligations.

ASSEMBLYWOMAN TITUS:
Is anyone tracking the number of people employed with ARPA funding?

MS. REYNOLDS:
I do not have the total number of staff that have been employed with the approximately $760 million in COVID-19 funds that the DPBH has received. The division's administrative account has received approval for ten positions and the division has employed several contract positions through various funding sources. I am not aware of any other FTE positions being approved; however, this needs to be confirmed. The division will provide that information to the Committee.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO APPROVE AGENDA ITEMS E-10 AND E-17.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

18. Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2022
Addition of $44,280 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund a subaward to Ely Co-Op Magic Carpet Preschool for staffing, training, personal protective equipment, and supplies. Requires Interim Finance approval since the amount added to the Transfer-In State ARPA category exceeds 10% of the legislatively approved amount for that category. **RELATES TO ITEM E.6. Work Program #22FRF32671**

Refer to motion for approval under Agenda Item E.

19. Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2023
Addition of $30,000,000 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund competitive grants for child care provider expansions. Requires Interim Finance approval since the amount added to the Transfer-In State ARPA category exceeds $75,000. **RELATES TO ITEM E.9. Work Program #23FRF32671**

Refer to motion for approval under Agenda Item E.

20. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2022
Addition of $1,000,000 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund a subaward to the Special Olympics Nevada for the Strong Minds program. Requires Interim Finance approval since the amount added to the Community Recovery Grant category exceeds $75,000. **RELATES TO ITEM E.2. Work Program #22FRF31453**

Refer to motion for approval under Agenda Item E.

21. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2022
Addition of $506,428 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund a subaward to The Shade Tree to provide services to victims of domestic violence. Requires Interim Finance approval since the amount added to the Community Recovery Grant category exceeds $75,000. **RELATES TO ITEM E.7. Work Program #22FRF31454**

Refer to motion for approval under Agenda Item E.

22. Department of Employment, Training and Rehabilitation - Workforce Development - FY 2022
Addition of $199,458 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund a subaward to the Community Services Agency to facilitate a workforce program that would provide work experience to at-risk youth. Requires Interim Finance approval since the amount added to the ARPA Workforce Development category exceeds $75,000. **RELATES TO ITEM E.8. Work Program #22FRF47702**

Refer to motion for approval under Agenda Item E.

23. Department of Employment, Training and Rehabilitation - Nevada Equal Rights Commission - FY 2022
Addition of $652,000 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to implement a new case management intake system. Requires Interim Finance approval since the amount added to the Intake Process System category exceeds $75,000. **Work Program #22FRF25801**

KARA JENKINS (Administrator, Nevada Equal Rights Commission [NERC], DETR): The NERC is seeking to modernize its case management intake system as complaints are currently processed manually. This would be the first modernization to the case management intake system since the inception of NERC in 1961.

The proposed data-based and cloud-based case management system would track and manage complaints throughout the lifecycle of the discrimination and complaint process prior to litigation. Complaints will be filed through the online portal on NERC's website before being assigned to an investigator. The notice for due process would be electronically delivered allowing NERC to settle cases more promptly; NERC's standard is to close cases within six months to one year.

Currently, the backlog to resolve discrimination complaints is one to two years. The request through Agenda Item E-23 would allow NERC to utilize spending to modernize its case management intake system for legacy purposes, usability, and to streamline processes. The new system will assist NERC investigators and administrative professionals in focusing more of their time on case review. Currently, investigators are spending about 20% of their time conducting intakes, which are live in-person interviews with an individual who is alleging discrimination; these interviews can last up to 90 minutes.

Like other states, NERC would like to digitize the complaint process to streamline and triage processes. If jurisdictional requirements are not met, the new system will help NERC triage to the appropriate agency that could assist the complainant. The digitized method would expedite the process to formalize a charge and begin the prelitigation process of investigating and mediating a discrimination complaint within the state.

The NERC released a request for proposal (RFP) in 2018, as former Assemblyman Tyrone Thompson asked if there was any grant money available to modernize the NERC system that did not rely on state funding. However, there were no opportunities available at that time. During the 2019 Legislative Session, Assemblyman Thompson sponsored Assembly Bill 509, and the passage of the bill provided an appropriation allowing NERC to move forward with the modernization of its case management system. However, the project was put on hold in March 2020 due to the COVID-19 pandemic.

Today, NERC sees a great opportunity to use ARPA funds to build upon the modernization that was initiated in 2018 without using limited State General Fund allocations. This funding would allow the NERC to align with the Governor's priorities to modernize how it conducts its business and assists marginalized groups. The individuals that NERC serves will benefit from the ability to file a complaint online confidentially and privately.

When the NERC released its RFP in 2018, it received six proposals with costs averaging approximately $250,000 to implement the system, with licensing fees totaling about $62,000. While it is currently too early to release an RFP, the NERC has contacted potential vendors to determine if inflation has changed costs over the last two years. The NERC does not currently have any estimates showing that the costs of the project are going to increase. If the IFC approves this request, the NERC plans to release RFPs for more approximate costs relating to the system's implementation in summer 2023.

Over the next two years, the NERC plans to spend approximately $300,000 for the project and about $150,000 for license fees. Additionally, there will be direct costs associated with DETR's assisting NERC with onboarding the system. The NERC plans to add the licensing fees into its budget builds in future biennia.

I want to reiterate that the current system has been in use since 1962. Currently, the commission tracks its cases manually using Microsoft Outlook and Excel programs. A NERC management analyst and I can provide specific information to Nevada legislators on trends relating to harassment based on race, national origin, color, religion, sex, and gender-based discrimination. The cloud-based data will assist NERC in collecting national and Equal Employment Opportunity Commission data for the Committee.

SENATOR SEEVERS GANSERT:
Several years ago, Ms. Jenkins and I discussed the case backlog and personnel issues at NERC. At that time, the backlog was mostly due to a lack of personnel and software to provide a technical solution. The request for a cloud-based solution is a better option than those previously considered. I understand that the only ongoing cost is about $75,000 per year for licensing. Are there any other additional costs related to personnel?

MS. JENKINS:
There would be no additional costs for personnel and no additional FTE positions would be required. The funding would provide for the digitization and streamlining of the system. A NERC management analyst will assist with tracking the data. The only costs would be to license and update the software.

SENATOR SEEVERS GANSERT:
I am pleased that NERC brought this request forward, especially when considering that an opportunity for additional project funding from 2019 was lost. This upgrade is important for everyone in the state.

SENATOR SEEVERS GANSERT MOVED TO APPROVE AGENDA ITEM E-23.

SENATOR HAMMOND SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

24. Department of Public Safety - Director's Office - Training Division - FY 2022 Addition of $68,449 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds (FRF) transferred from the COVID-19 Relief Programs account to fund computers and related equipment for training and testing. Requires Interim Finance approval since the amount added to the ARPA FRF Grant category exceeds 10% of the legislatively approved amount for that category. **Work Program #22FRF37751**

Refer to motion for approval under Agenda Item E.

25. Department of Conservation and Natural Resources - Division of Forestry - Administration - FY 2022

Addition of $1,494,860 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund replacement radios for employee communication on natural resources projects and emergency response. Requires Interim Finance approval since the amount added to the Replacement Radio category exceeds $75,000. **Work Program #22FRF41952**

SENATOR GOICOECHEA:
The DCNR Division of Forestry is requesting $1.5 million to replace radios. What type of radios is the division requesting? How many units will be replaced?

ERIC ANTLE (Deputy Administrator, Division of Forestry, DCNR):
The request includes 215 handheld radios and 185 command mobile radios, along with the necessary equipment and costs to install the 185 command mobile radios in the division's fleet.

SENATOR GOICOECHEA:
This a lot of money to replace radios. Will this be an annual expense?

MR. ANTLE:
The division budgets through normal cost appropriation for the radio replacement category. The radios have met their 12-year lifespan, and the division needs to meet federal compliance regarding the digital formatting of radios. Therefore, there is the large request for replacement radios.

ASSEMBLYWOMAN KASAMA:
There have been many requests from various departments to use ARPA funds for single equipment replacement. It is my understanding that these types of requests have to be tied to issues related to the COVID-19 pandemic. Can ARPA funds be used for equipment upgrades and radio replacements?

SUSAN BROWN (Director, GFO, Office of the Governor):
There is a provision in the U.S. Department of the Treasury's (Treasury) Final Rule related to revenue loss for governmental services. The request for equipment upgrades and replacements falls under this section of the Treasury's Final Rule; therefore, the request is an allowable expense. If I remember correctly, the item was not funded in the budget previously due to budget cuts made during the COVID-19 pandemic.

CHAIR BROOKS:
Would any item that was not funded due to budget cuts during the COVID-19 pandemic qualify for ARPA funding under the Treasury's Final Rule?

MS. BROWN:
An item that was not funded due to budget cuts during the pandemic could potentially qualify for ARPA funding. Many budget cuts were made during the 31st Special Session and this project may have been cut in the process. Each request will be examined on an individual basis to ensure that it qualifies under the Treasury's Final Rule.

SENATOR GOICOECHEA:
Are all the expenditures tracked? I do not want the state to be held liable for any expenses that did not qualify to be covered using ARPA funds.

MS. BROWN:
The GFO is tracking all the expenditures. Reports are due to the federal government each quarter and expenditures are reported as soon as they are incurred.

SENATOR GOICOECHEA:
Can the federal government come back later and inform the GFO that a reported expense did not qualify?

MS. BROWN:
It is possible that the federal government could return several years from now and make an argument that an expense did not qualify. The GFO has been careful about allocating funds and ensuring that reporting requirements and the Treasury's Final Rule are observed. The GFO can reach out to the Treasury for clarification if there are questions or to ensure that incurred expenses are eligible.

CHAIR BROOKS:
Nevada is taking a very conservative approach to using ARPA funding when compared to other states. I am not concerned about the state meeting the Treasury's Final Rule or having issues with the reporting requirements.

Is the contractor that was approved by the Committee and hired by the GFO after the June 21, 2021, IFC meeting the position that is responsible for tracking the ARPA expenditures and ensuring compliance with the different categories of the Treasury's Final Rule?

MS. BROWN:
Yes, the contractor and GFO staff are reviewing the Treasury's Final Rule and making those analyses.

SENATOR HARRIS:
The GFO mentioned that the state is doing a thorough job of tracking the ARPA funds, which is necessary and important to the state's due diligence. Is there somewhere that the public can access the expenditure information?

MS. BROWN:
The statement of ARPA CSFRF obligations and remaining reserve balances in the meeting packet (Exhibit A) provides tracking of the expenditures. That report is available to the public on <https://www.leg.state.nv.us>. The GFO and staff from the LCB Fiscal Analysis Division work together to reconcile the information provided in the report. I am not aware if the reports provided to the federal government are available to the public. If the Committee wishes, the GFO can provide this information on its website as well.

SENATOR HARRIS:
Transparency is always best. I think Nevadans would appreciate having this information.

CHAIR BROOKS:
I would like to give the GFO an opportunity to discuss its website that tracks the nonprofit organizations using ARPA funds to better their communities. The GFO website is informative and transparent. Is there a representative from the GFO or Office of the Governor that can provide that information to the Committee?

BAILEY BORTOLIN (Deputy Chief of Staff, Office of the Governor):
The Nevada Recovers website is https://nevadarecovers.com/by-the-numbers and will go live today with updated information. The Office of the Governor is working with LCB staff to upload the Excel spreadsheet provided to the Committee. The report will be translated and converted to a pie chart that shows the portion of dollars distributed to different funds and a breakdown of the funding to each nonprofit organization. There will also be a spreadsheet that tracks the ARPA Community Recovery Grants used by nonprofits. All the ARPA information is also available on the Nevada Recovers website. The updated website will launch very soon.

CHAIR BROOKS:
The Nevada Recovers website is a great resource. I am happy to learn that the ARPA funding information is available to the Committee and the public.

SENATOR GOICOECHEA:
Will the Nevada Recovers website indicate which small businesses received grant funds?

MS. BORTOLIN:
Yes, the website contains that information. The information is categorized by area and where the funding is deemed to be most appropriate. There is a pie chart and a scroll-over to locate programs and show the percentage of funds that certain nonprofit organizations received. The programs can be tracked to the LCB spreadsheet for even more specific information. The Nevada Recovers website contains links to all grant fund reports submitted to the federal government for transparency; the website is also available in Spanish.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA ITEM E-25.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

CHAIR BROOKS:
I was just notified that the Nevada Recovers website is now live and available to the public.

26. Tahoe Regional Planning Agency - <u>FY 2023</u>
Addition of $250,000 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund a technology solution to digitize agency records. Requires Interim Finance approval since the amount added to the Federal ARPA Funds category exceeds $75,000. **Work Program #23FRF42041. WITHDRAWN 4-4-22.**

F. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES NOT INVOLVING THE EXPENDITURE OF AMERICAN RESCUE PLAN ACT, CORONAVIRUS STATE FISCAL RECOVERY FUNDS, IN ACCORDANCE WITH CHAPTER 353 OF NRS.

WAYNE THORLEY (Senate Fiscal Analyst, Fiscal Analysis Division, LCB):
The following items were identified for additional discussion: Agenda Items F-8 through F-16, Department of Corrections (NDOC); and F-18, NDOC.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND POSITION RECLASSIFICATIONS UNDER AGENDA ITEM F.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

1. Department of Education - Educator Licensure - FY 2022
~~Transfer~~ ***Addition*** of $156,118 ***in Fingerprint Fees revenue*** ~~from the Reserve category to the Fingerprint Fees category~~, transfer of $13,350 from the Reserve category to the Operating category and transfer of $852 from the In-State Travel category to the Out-of-State Travel category to fund an anticipated increase in background checks for emergency substitute teacher licenses and to fund travel for leadership to attend a conference out of state. Requires Interim Finance approval since the amount ~~transferred~~ ***added*** to the Fingerprint Fees category exceeds $75,000. **Work Program #C58371. REVISED 4-12-22.**

Refer to motion for approval under Agenda Item F.

2. **Department of Agriculture - Nutrition Education Programs - FY 2022**
Addition of $26,030,600 in federal National School Breakfast Program grant funds to support an increase in National School Breakfast Program expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the National School Lunch Program, School Breakfast Program category exceeds $75,000. **Work Program #C58633**

Refer to motion for approval under Agenda Item F.

3. **Department of Agriculture - Nutrition Education Programs - FY 2022**
Addition of $103,404,945 in federal National School Lunch Program (NSLP) grant funds to support an increase in NSLP expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the NSLP category exceeds $75,000. **Work Program #C58635**

Refer to motion for approval under Agenda Item F.

4. **Gaming Control Board - FY 2022**
Addition of $413,920 in Investigation fees to support a shortfall in investigation costs of gaming applicants for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Administration Support Costs category exceeds $75,000. **Work Program #C58644**

Refer to motion for approval under Agenda Item F.

5. **Department of Business and Industry - Housing Division - Account for Low-Income Housing - FY 2022**
Transfer of $1,312,079 from the Encumbered Reserves category to the Loan Disbursements category to cover projected low-income housing subgrantee reimbursements and the online application process for reimbursement requests. Requires Interim Finance approval since the amount transferred to the Loan Disbursements category exceeds $75,000. **Work Program #C58386**

Refer to motion for approval under Agenda Item F.

6. **Department of Health and Human Services - Public and Behavioral Health - Women, Infants, and Children Food Supplement - FY 2022**
Addition of $267,703 in federal Women, Infant and Children (WIC) Online Ordering Grant funds from the U.S. Department of Agriculture, Food and Nutrition Service received through a competitive subaward from the Gretchen Swanson Center for Nutrition to support a pilot program for a new ordering platform to integrate online ordering. Requires Interim Finance approval since the amount added to the WIC Shopper App category exceeds $75,000. **Work Program #C58473**

Refer to motion for approval under Agenda Item F.

7. Peace Officers Standards and Training Commission - FY 2022
Addition of $97,000 in Justice Assistance Grant funds transferred from the Department of Public Safety, Office of Criminal Justice Assistance, to fund physical training equipment and a virtual reality training system. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds $75,000. **Work Program #C57656**

Refer to motion for approval under Agenda Item F.

8. Department of Corrections - Ely State Prison - FY 2022
Addition of $646,860 in Budgetary Transfers to fund projected shortfalls in the Operating and Inmate Drivens categories through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds $75,000. **RELATES TO ITEM F.13. Work Program #C58250**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

9. Department of Corrections - High Desert State Prison - FY 2022
Addition of $309,028 in Budgetary Transfers to cover projected shortfalls in the Operating, Inmate Drivens, and Utilities categories through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds $75,000. **RELATES TO ITEMS F.10, F.15 and F.18. Work Program #C58699**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

10. Department of Corrections - Northern Nevada Correctional Center - FY 2022
Deletion of $602,125 in Budgetary Transfers to fund projected shortfalls within the Department of Corrections for the remainder of the fiscal year. Requires Interim Finance approval since the amount deleted from the Personnel category exceeds $75,000. **RELATES TO ITEMS F.9, F.15 AND F.18. Work Program #C58428**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

11. Department of Corrections - Southern Desert Correctional Center - FY 2022
Transfer of $133,342 from the Personnel category to the Operating category, $35,719 from the Personnel category to the Maintenance of Building and Grounds category and $331,546 from the Personnel category to the Inmate Drivens category to fund a projected shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel category exceeds $75,000. **Work Program #C58640**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

12. Department of Corrections - Lovelock Correctional Center - FY 2022
Transfer of $73,419 from the Utilities category to the Operating category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds $30,000. **Work Program #C58251**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

13. Department of Corrections - Lovelock Correctional Center - FY 2022
Deletion of ~~$646,680~~ ***$646,860*** in Budgetary Transfers to fund a projected shortfall within the Department of Corrections for the remainder of the fiscal year. Requires Interim Finance approval since the amount deleted from the Personnel category exceeds $75,000. **RELATES TO ITEM F.8. Work Program #C58742. REVISED 4-6-22.**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

14. Department of Corrections - Warm Springs Correctional Center - FY 2022
Transfer of $85,886 from the Personnel category to the Utilities category to fund a projected shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $75,000. **Work Program #C58700**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

15. Department of Corrections - Northern Nevada Transitional Housing - FY 2022
Addition of $111,149 in Budgetary Transfers to cover projected shortfalls in the Personnel and Inmate Drivens categories through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds $75,000. **RELATES TO ITEMS F.9, F.10 and F.18. Work Program #C58338**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

16. Department of Corrections - Stewart Conservation Camp - FY 2022
Transfer of $216,423 from the Personnel category and $11,818 from the Utilities category to the Inmate Drivens category and transfer of $3,398 from the Utilities category to the Operating category to fund a projected shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds $75,000. **Work Program #C58337**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly. Refer to discussion and motion for approval under Agenda Item F-18.

17. Department of Corrections - Pioche Conservation Camp - FY 2022
Addition of $34,083 in Prior Year Refunds revenue to allow the Department of Corrections to accept prior year reimbursements from the State Department of Conservation and Natural Resources, Division of Forestry for costs associated with inmate fire crews and conservation efforts in Fiscal Year 2021. Requires Interim Finance approval since the amount added to the Reserve for Reversion category exceeds 10% of the legislatively approved amount for that category. **Work Program #C58352**

Refer to motion for approval under Agenda Item F.

18. Department of Corrections - Three Lakes Valley Conservation Camp - FY 2022
Addition of $181,948 in Budgetary Transfers to cover a projected shortfall in the Operating, Inmate Drivens, and Utilities categories and transfer of $39,955 from the Personnel category to the Inmate Drivens category to support projected shortfalls through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds $75,000. **RELATES TO ITEMS F.9, F.10 AND F.15. Work Program #C58698**

Agenda Items F-8 through F-16 and Agenda Item F-18 were discussed jointly.

LISA LUCAS (Deputy Director, Support Services, NDOC):
I want to provide a statement regarding the question-and-answer (Q&A) documents provided by LCB staff. Both NDOC Chief of Fiscal Services, Adrienne Monroe and I were out on leave when the department received the Q&A document. The department's leadership did not vet these responses and is aware that inaccuracies have occurred. The department made corrections and delivered that information to the Committee late yesterday evening.

There are items that have incorrect General Ledger (GL) accounts. The NDOC has been working and training with the GFO to align its chart of accounts with those of the Office of the State Controller. Currently, the NDOC budget analyst section is approximately 20% staffed, with four out of five vacant positions. The budget analyst is new to the position. The NDOC's fiscal management will also be participating in the GFO training to ensure all future staff are trained in alignment with the GFO standards and expectations.

ASSEMBLYWOMAN KASAMA:
I would like to inquire about the items that the NDOC categorized into the wrong GL accounts. I see that the department is requesting both fund transfers and additional funding. Were the available funds entered into the wrong categories?

MS. LUCAS:
That is correct. There were two items in the work program that appear in the wrong GL account. The NDOC corrected that error.

CHAIR BROOKS:
The Committee has the backup materials that the NDOC supplied. The Committee worked with LCB Fiscal staff to perform analysis on the material that the department provided. Can you identify what corrections the department made and what information changed? Does the information before the Committee today differ from what the department previously provided?

ADRIENNE MONROE (Administrative Services Officer, NDOC):
The work programs do not necessarily need to change. However, the NDOC identified shortfalls in certain categories and GLs in the backup documents that should have been corrected. There was no time to make the changes because a current version (live document) was used. Normally, when the department produces work programs, it creates an archived version, which allows the budget analyst time to review and make any necessary corrections.

For example, one of the work programs shows that pistols were charged to an equipment GL rather than a weapons GL. Fortunately, the department recognized the error. I understand that the budget analyst thought the expenditure should be coded by a dollar amount threshold in the NDOC's chart of accounts rather than by the appropriate category within the weapons GL account, with the latter method being more transparent.

The LCB Fiscal staff were very thorough and recognized these fiscal issues, and the fiscal issues do not change the nature of the requests being made through the work programs before the Committee today.

CHAIR BROOKS:
It is important to know that the nature of the requests did not change.

ASSEMBLYWOMAN CARLTON:
The NDOC funding issues seem to be ongoing. The Nevada Legislature approves funding every biennium to address emergency issues for extraordinary expenses. I heard in previous testimony that the department was not appropriating funds from the correct categories. This issue is not something the Committee should ignore.

There are funds available in the NDOC Director's Office budget for extraordinary items. I understand that dollars are being misdirected and not tracked. What steps is the department taking to address the misappropriation of funds? Why are funds not being allocated from the NDOC Director's Extraordinary Maintenance Fund to pay for these extraordinary expense items? How will this problem be trued up in the future?

MS. MONROE:
The NDOC uses the Extraordinary Maintenance Fund as a last resort. The department follows a hierarchy of funding solutions before allotting an expense to the Extraordinary Maintenance Fund. There are surpluses within the department's budget accounts that can support shortfalls in other categories. The department will use the Extraordinary Maintenance Fund when one of its budget accounts

cannot support the purchase of an extraordinary item or cover an emergency expense. There are operating procedures in place for the use of the Extraordinary Maintenance Fund.

At the time that the NDOC submitted the work programs, there was less than $7,000 available in the Extraordinary Maintenance Fund. At this time of year, the department conducts a review to examine if agencies have procured necessary items, identifies if any supply chain issues exist, determines if purchased items require installation services, and trues up its accounts. Currently, there is approximately $40,000 available in the Extraordinary Maintenance Fund.

ASSEMBLYWOMAN CARLTON:
I want to reiterate that the NDOC's budget concerns are not a new issue and that funding concerns will continue to be a problem during the next budget cycle. The IFC requires accountability regarding the categorization of expenses and expenditures. There are issues that need to be addressed.

CHAIR BROOKS:
I understand there has been a tremendous amount of staff turnover in the NDOC and in all the departments throughout the state. I realize that the GFO is a resource. However, I would also recommend the department reach out to Committee members and LCB Fiscal staff for advice as well.

SENATOR DENIS:
In 2017, the IFC approved the purchase of a telephone system that allowed the NDOC to use its current system while the new system was implemented. There was an opportunity in FY 2019 and FY 2021 for the department to request funding for the new telephone system. Can you explain why in FY 2019 and FY 2021 the department never submitted a request to cover costs associated with the implementation of the new system?

MS. LUCAS:
The NDOC staff is conducting an internal audit and reviewing documentation. Previous administrative staff involved with the telephone system upgrade are no longer at the department. John Mason, NDOC Telecommunications Coordinator, has been on the project since its inception and is available to answer any questions. The NDOC has requested refunds from AT&T Telecommunications Company (AT&T), and I anticipate the department will request additional refunds in the future.

SENATOR DENIS:
What are the refunds for?

JOHN MASON (Telecommunications Coordinator, NDOC):
The NDOC had a process to follow when porting over the old telephone numbers that did not jeopardize the existing network. In the process, AT&T provided stacking Direct Inward Dialing (DID) numbers, which added blocks of numbers for the system expansion. However, the translation system from AT&T kept rejecting

the process which caused delays. The NDOC requested reimbursement for those delays.

SENATOR DENIS:
Will this work program request be sufficient to implement and switch over to the new telephone system?

MR. MASON:
The system has gone live statewide and 18 NDOC facilities have fully transitioned to the new system. The department needs to complete the telephone system in two facilities, the Ely State Prison and Wells Conservation Camp. The department has provided statewide five-digit dialing, which eliminated all long-distance costs associated with calling different areas throughout the state. The project is about 90% complete.

SENATOR DENIS:
I understand that staff who were employed during the system upgrade are no longer at the NDOC. Additionally, after a review of the telephone system upgrade, it was determined that there were additional costs. Is that why the NDOC is just now requesting funds?

MR. MASON:
The rejection by AT&T of the processes that the NDOC had to follow caused delays. It was important to work through the issues. Now, the department can begin to complete the project.

SENATOR DENIS:
What caused the delay in the request for funding to cover the implementation costs associated with the project?

MS. LUCAS:
The work program request is for per-line telephone charges. Currently, the NDOC is porting over the telephones to the new system; however, AT&T is still billing the department for the old system. The department's staff are reviewing the information and requesting a refund for the charges associated with the old telephone system, which AT&T should have turned off.

SENATOR DENIS:
I understand now. The expenses were requested and now the department has new issues it is trying to correct.

MS. LUCAS:
Yes, that is correct.

CHAIR BROOKS:
Will the refunds that the NDOC requested due to the unforeseen expenses change the amount being requested in this work program? How will the department account for savings associated with the refund?

MS. LUCAS:
Refunds are currently being processed. Once the NDOC receives the refund, the refund will be applied towards existing bills in the current fiscal year. There is no guarantee of when the department will receive the other refunds; however, AT&T has been very responsive to the department's requests.

MS. MONROE:
The refunds will eventually change the budgetary shortfall that the NDOC is experiencing. The problem is that with its budget categories being frozen, the NDOC does not have the authority to pay its bills. The department is asking the Committee for authority to pay its bills and then will apply the credit later. The fiscal year is almost over, and the department cannot pay its telephone expenses because that budget category is already in the negative. Being granted authority from the IFC will allow the department to proceed forward and apply the credit it receives from AT&T. There is no guarantee of when a refund will be issued, but the department is working with the vendor and will keep the Committee apprised of when it receives the refund.

SENATOR BROOKS:
I would urge the NDOC to reach out to the GFO and/or LCB Fiscal staff if it has questions regarding the process of applying the credit towards its budgets. I assume that the credit would need to be reverted to the State General Fund if it is showing up as a savings and cannot be applied to another bill.

ASSEMBLYMAN WATTS:
I understand there were inmate driven expenses that were recategorized. It does not appear that there is a link between the inmate driven expenses and the NDOC's inmate populations. Can the department explain why there seems to be a general disconnect between the inmate population numbers and the changes in the expenses?

BILL GITTERE (Deputy Director, Operations, NDOC):
In some cases, independent variables cause inmate-related expenses to rise even though the population is static or has fallen. For example, throughout the COVID-19 pandemic, there has been a huge increase in the number of quarantines, which causes inmates to have less time out of their cells and to be involved in fewer activities; this has caused an increase in the number of grievances that the inmates produce. One of the NDOC work programs is a request for additional funds to cover shortfalls associated with grievance forms that the department provides to inmates. The grievances that the department received increased by 150% last year.

ASSEMBLYMAN WATTS:
The example provided is useful; however, I would imagine this has been a trend across institutions. There also does not seem to be a direct correlation between inmate populations and inmate driven expenditures. For example, the inmate population of Ely State Prison is up by 19% but there is a 51% increase in inmate driven shortfalls. The inmate population at the Stewart Conservation Camp is down 7% and inmate driven shortfalls increased there by 66%. Can you explain that?

KATHERINE REYNOLDS (Administrative Services Officer, NDOC):
The costs that you are referring to are examples of the effect of quarantines on institutions that have been on total lockdown over the last two years, which has also increased costs associated with feeding inmate populations. The Consumer Price Index has increased 2.1% over the last two years. The cost of eggs, which is a huge part of the menu, has gone up over 25% in the last two years. Inmate driven expenditures are less when inmates are not on lockdown because when they are contained within their cells they are automatically provided with meals; when not on lockdown inmates often skip meals and food is not automatically delivered to their cells at mealtime.

During lockdown, the NDOC provides all inmates in house with meals delivered in clamshell containers. The cost of food and the cost of containers has gone up. During lockdown, the department is feeding 100% of the inmate populations within its institutions.

ASSEMBLYMAN WATTS:
Many items have increased in cost due to the COVID-19 pandemic. I anticipate receiving follow-up information to help clarify the inmate driven costs.

CHAIR BROOKS:
Approximately what percentage of inmate driven expenditures is directly related to food costs?

MS. LUCAS:
I do not have the exact percentage; however, I can provide that information to the Committee.

MS. MONROE:
I can provide a rough estimate. The High Desert State Prison has 50 inmate driven expenditure categories, and the total budget for all of the NDOC GL accounts is $6.7 million. The portion of the expenditure categories that can be attributed to food costs is $4,088,387, which is about two-thirds. To provide more perspective, in FY 2021, the actual expense just for the food GL was $3,546,640. This year the department is projecting $5,075,745 for GL food expenses. To date, the department has obligated $4,376,409 for food expenses. That information is available in the backup documents for the High Desert State Prison work program. The food GL comprises the largest portion of inmate driven expenses.

CHAIR BROOKS:
Can you provide a rough estimate of what percentage of inmate driven costs is allocated for food?

MS. LUCAS:
Approximately 60% to 70% of inmate driven expenditures are for food.

MR. GITTERE:
On any day of regular operations, inmate attendance at mealtime varies from less than half to almost all the inmates, depending on the meal. During quarantine when the inmates are on lockdown, 100% of the population receives every meal. Feeding 100% of the inmates at every meal in their living quarters attributes to the substantial increase in feeding expenses and has a large impact on the food budget; this explains why the cost increase is so significant.

CHAIR BROOKS:
That helps me to understand the scale of food costs and the scope of the problem. The two drivers of recent inflation numbers in this county are fossil fuel energy and food.

ASSEMBLYMAN ROBERTS:
Are any of the NDOC facilities currently on lockdown? Did the quarantine period cause the budgetary deficit that the department is trying to recover?

MR. GITTERE:
The COVID-19 quarantines ended, and all NDOC institutions were out of lockdown last month. Recently, there has been an uptick in positive COVID-19 cases but this has not yet resulted in large-scale quarantines. Inmate feeding rates are back to the levels they were prior to the COVID-19 pandemic, and I do not expect the rise in inmate driven expenditures to continue. It is possible an increase in positive test results could require a lockdown in the future; however, I do not expect that.

ASSEMBLYWOMAN KASAMA:
The project of upgrading the NDOC's telephone system was initiated in 2018 but is still not fully implemented. How can converting telephones take four years? Did the department request the funds in 2018 but not start the implementation of the project until 2020 or 2021? When will the upgrade be complete?

MR. MASON:
Logistical issues caused extreme problems with incorporating the new telephone system in rural NDOC facilities. Many of the facilities required the installation of fiber optics to provide high-speed networks. The department had to enlist AT&T to provide fiber optics to Southern Desert Correctional Center, High Desert State Prison, Cold Creek Correctional Center, Lovelock Correctional Center, and other rural facilities. Ely State Prison is one of the last projects left to complete.

ASSEMBLYWOMAN KASAMA:
Many of the requests from the NDOC are for inmate driven expenses, utilities, operations, and equipment. I am concerned with safety issues for correctional officers. I do not see any requests for increased personnel to assist with the personnel shortage that the NDOC has encountered. Why is the department not requesting more personnel?

MR. GITTERE:
Through vacancies, the NDOC has authority to hire the staff that is necessary to operate safely and securely. The challenge is finding individuals to accept the positions. The department intends to conduct a staffing study to examine areas that may need more staff to operate more efficiently. The NDOC is concerned with safety and security and continues to leverage overtime to fill in personnel in the areas where they are most needed to maintain safety and security while providing programming opportunities for inmates.

ASSEMBLYWOMAN KASAMA:
I understand that the NDOC has the budget and the funding to hire staff but are not able to find people to fill the positions. I would anticipate a request for an increase in wage rates to accomplish hiring. I am still concerned about the safety of staff and inmates in NDOC facilities.

MR. GITTERE:
Moving closer to the 2023 Legislative Session, the NDOC will work with the GFO and its executive team to be more competitive with wages and benefits to attract personnel. I certainly appreciate the question and the insight. The NDOC realizes that better wages and benefits are necessary to fill the vacancies needed to maintain safety, security, humane treatment, and the programming delivered to inmates who leave prison and return to their communities. The safety and security issues are particularly important to the department and will be addressed in the future.

CHAIR BROOKS:
I look forward to working with the NDOC in the future to find funding for wage increases for state employees. I will remind the Committee that every expenditure requires revenue to support it. I look forward to hearing creative solutions to address this issue.

ASSEMBLYWOMAN MONROE-MORENO:
All state departments are experiencing staffing shortages because the state is not competitive in the wages and benefits it offers. I also look forward to collaborating with members of the Committee to find creative solutions to address workforce shortages.

I am concerned about the purchase of weapons categorized as inmate driven expenses. The statements made by the NDOC indicate that it is developing systems to correct that error. I would like more details regarding how the

department will correct the mistakes found in the February 22, 2022, GFO Audit Report to ensure that funds are being used from the correct categories.

MR. GITTERE:
As a result of the findings of the GFO Audit Report, the NDOC created a weapons committee that I chair which includes three wardens and representatives from the department's finance office. The committee has discussed funding for all weapon and ammunition purchases going forward. The NDOC's fiscal department is collaborating with the GFO to ensure fund sites are aligned with the appropriate budgets and accounts so that the mistakes will not be repeated.

ASSEMBLYWOMAN MONROE-MORENO:
I want to reiterate the comment made by Chair Brooks regarding the availability of LCB Fiscal staff and the Committee to assist the NDOC. The success of the department is important and will help legislators to better serve their constituents and inmates. I look forward to more conversations in the future regarding the department's efforts to recruit new employees.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS F-8 THROUGH F-16 AND AGENDA ITEM F-18.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

19. Department of Corrections - Offenders' Store Fund - FY 2022
Transfer of $1,927,255 from the Retained Earnings category to the Inventory Purchase for Resale category to fund a projected shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inventory Purchase for Resale category exceeds $75,000. **Work Program #C58484**

Refer to motion for approval under Agenda Item F.

20. Department of Transportation - Transportation Administration - FY 2022
Addition of $5,702,963 in Federal Transit Administration grant funds to align state and federal budget authority and to support ongoing Transportation/Multimodal Planning projects throughout the state. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds $75,000. **Work Program #C57897**

Refer to motion for approval under Agenda Item F.

G. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

WAYNE THORLEY (Senate Fiscal Analyst, Fiscal Analysis Division, LCB):
The Statement of Contingency Account Balance begins on page 437 of the meeting packet (Exhibit A) under Tab G. Page 437 contains the IFC Contingency Account summary, and a detailed breakout is located on pages 438 and 439. Prior to any actions of the Committee today, the IFC Contingency Account balance is $28.96 million. That balance is comprised of $18.8 million in unrestricted General Funds; $1.6 million in unrestricted Highway Funds; and $8.5 million in restricted General Funds and Highway Fund allocations pursuant to legislation passed by the 2021 Nevada Legislature.

There is one request for $373,051 before the Committee today for an allocation from the IFC Contingency Account. If approved, the remaining balance in the IFC Contingency Account would be $28.6 million.

H. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268 (Note: IFC may approve a different amount for an allocation than the amount requested) - DEPARTMENT OF PUBLIC SAFETY - Dignitary Protection - Request for an allocation of $373,051 to fund three additional positions.

LESA GALLOWAY (Administrative Services Officer, Director's Office, Department of Public Safety [DPS]):
Through Agenda Item H, the DPS is requesting funding from the IFC Contingency Account for three additional sworn positions. The State Board of Examiners first heard this request as an action item at its April 12, 2022, meeting. This request will provide extended protection for the Governor and the first family in both Northern and Southern Nevada. Due to recent events, and considering the upcoming election, the DPS is requesting additional protection for both day and swing shifts. Recently, an elected official in Nevada experienced verbal attacks in a public place.

A recent assessment of the dignitary protection operation conducted by the Chief of the DPS Capitol Police Division revealed the need to expand the dignitary protection team. The need for stronger protection during this election year is critical to protect the Governor and the first family. The expansion of the DPS Dignitary Protection unit will see the addition of one sergeant and one DPS officer to the Southern Nevada team and one DPS officer to the Northern Nevada team.

With this funding, the Dignitary Protection unit will be able to provide better support and more efficient security coverage for the Governor and first family. The work program request is for personnel costs of $373,051. The DPS may request additional funds later. Capitol Police Chief John Letos is available online to answer any operational questions.

CHAIR BROOKS:
This request is an attempt to restore the Dignitary Protection unit to its traditional capacity.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM H.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

I. DEPARTMENT OF BUSINESS AND INDUSTRY - Housing Division - <u>INFORMATIONAL ONLY</u> - Status report on the Home Means Nevada Initiative for affordable housing. **RECEIVED ON 4-21-22, AFTER THE 4-6-22 SUBMITTAL DEADLINE.**

STEVE AICHROTH (Administrator, Housing Division, Department of Business and Industry [B&I]):
The B&I submitted a status report dated April 21, 2022, to the Committee. I have three items to address today. I want to thank Justin Luna with LCB Fiscal staff for providing the memorandum and outline for the submitted report. The Housing Division is currently in the pre-application period, which ends May 15, 2022, and is receiving applications. The B&I will provide a more complete accounting report at the June 21, 2022, IFC meeting.

ASSEMBLYWOMAN CARLTON:
Was the outline provided by Mr. Luna shared with legislative staff so that Committee members can review it and ensure that the B&I included all the information that the members need in the report?

MR. AICHROTH:
The information used to create the preliminary report is very thorough. I would be happy to send that information over to the Committee for its review.

ASSEMBLYWOMAN CARLTON:
In the spirit of working together, it is good to have a discussion before the reports become too complicated. LCB Fiscal staff may be aware of information that the Committee would be interested in that the Housing Division did not provide. Legislative staff may also be able to provide the division with input on issues that could then be incorporated into the reports since there will be no additional work programs on this initiative in the future. It is helpful to have these conversations now so that we are all in agreement.

J. DEPARTMENT OF MOTOR VEHICLES - <u>INFORMATIONAL ONLY</u> - Status report on the issuance of technology fee refunds as required by the stipulation agreement dated November 1, 2021, for the period ending March 31, 2022. **RECEIVED ON 4-20-22, AFTER THE 4-6-22 SUBMITTAL DEADLINE.**

SEAN SEVER (Deputy Administrator, Division of Management Services and Programs, Department of Motor Vehicles [DMV]:
I appreciate the opportunity to provide an update on the technology fee refund project at the DMV. The first part of the initiative is the technology fee refund to businesses. The DMV dispersed checks on February 22, 2022. More than 61,000 business refunds were issued for a total of approximately $2.2 million. Approximately 40,000 business refunds totaling more than $1.4 million, which is approximately 65%, have cleared through April 28, 2022.

The second part of the technology fee refund program involves customer refunds, which were made available to the public on April 4, 2022. Over 9,000 customer refunds have been issued through April 28, 2022, for more than $30,000, which is less than 1%. The total amount of customer refunds available is just over $3.8 million.

The department would appreciate the Committee's assistance to spread the word to Nevadans to request their refund when they visit the DMV. The DMV has an advertising campaign to inform Nevadans about the refund. There are temporary staff in the call center to assist customers with questions. And there is a dedicated page on the DMV website with a Q&A section.

Cash refunds are available weekdays in DMV offices throughout the state. Individuals are encouraged to pick up the technology fee refunds at their next visit to a DMV office. No appointment is necessary, and individuals do not have to visit the office where the technology fee was originally paid.

CHAIR BROOKS:
What is the amount of the personal refund?

MR. SEVER:
The refund is $1.

SENATOR HAMMOND:
The technology fee refund was a result of a decision from the courts, is that correct?

MR. SEVER:
That is correct.

ASSEMBLYWOMAN TITUS:
How long do you anticipate this program will continue? Many Nevadans own multiple vehicles and made multiple transactions at the DMV and are now due technology fee refunds, and I know that many people are still not aware of the refund.

MR. SEVER:
The program will continue through the next fiscal year. The department is not seeing the demand for refunds that it expected. However, this may be a result of how the initiative was designed, as the department did not want everyone rushing into DMV offices on the first day that the technology fee refund was available. The DMV produced an advertising campaign and is posting on social media to inform the public. The DMV director also held a news conference that provided widespread media coverage throughout the state.

ASSEMBLYWOMAN TITUS:
If an individual visits the DMV office for other business, will DMV staff check to find out if they have received a refund?

MR. SEVER:
Yes, the department has dedicated windows in its urban offices where individuals are directed to receive the refund if they choose to do so; however, the refund is not mandatory.

ASSEMBLYWOMAN TITUS:
Is the department tracking the number of individuals who do not request the refund?

MR. SEEVER:
No, the DMV is not keeping track of that information because it is too difficult to follow. The department is keeping track of the refunds that are handed out.

ASSEMBLYWOMAN TITUS:
You said the refund period would extend through the end of next fiscal year. Will the court allow you to put the remaining funds back into the DMV's budget?

MR. SEVER:
I am not aware of the option to return funds back into the DMV's budget. I can research that and provide the information to the Committee.

ASSEMBLYWOMAN TITUS:
I am curious since there is a finite date on how long the DMV will offer the refunds. I am concerned that people are not claiming the refund because they are not aware of it. What is the total amount of the technology fee refund that is available?

MR. SEEVER:
The business checks total $2.2 million. The public refunds are $3.8 million.

ASSEMBLYWOMAN TITUS:
Has the department sent out all the business checks? Are members of the public still collecting the $3.8 million in $1 technology refund fees?

MR. SEEVER:
That is correct. Currently 65% of Nevada businesses have collected refunds.

ASSEMBLYWOMAN TITUS:
What percent of the $3.8 million has the public collected?

MR. SEEVER:
The public has collected 1% of the total $3.8 million.

ASSEMBLYWOMAN TITUS:
That is a significant amount that the public has not collected. I understand that you did not want people coming into the DMV on the first day. The DMV already has wait lines and people do not want to go into the office. The department has done a wonderful job of encouraging individuals to use kiosks and go online. As a result, many individuals no longer visit DMV offices.

I would like an update on the court's decision regarding reverting the technology fee refund since the DMV has only used 1% of the $3.8 million and there is a finite expiration date for the program.

ANGELA SMITH (Administrator, Administrative Services Division, DMV):
The leftover revenue would not revert to the DMV's budget. The revenue would revert to the State Highway Fund. The department will coordinate the process with the GFO and LCB staff.

K. PUBLIC COMMENT.

TERRI LAIRD (Retired Public Employees of Nevada) submitted written testimony for the record (Exhibit B).

STEPHEN LACKEY (The Mob Museum) submitted written testimony for the record (Exhibit C).

L. ADJOURNMENT.

The meeting was adjourned at 11:38 a.m.

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Senator Moises Denis, Chair
Interim Finance Committee

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Brenda Erdoes, Director, Legislative Counsel Bureau,
and Secretary, Interim Finance Committee