

MINUTES OF THE AUGUST 9, 2023,
MEETING OF THE
INTERIM FINANCE COMMITTEE

Chair Daniele Monroe-Moreno called a regular meeting of the Interim Finance Committee (IFC) to order at 9:23 a.m. on August 9, 2023, online, and in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Daniele Monroe-Moreno, Chair
Senator Marilyn Dondero Loop, Vice Chair
Senator Nicole Cannizzaro
Senator Pete Goicoechea
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle Nguyen
Senator Heidi Seevers Gansert
Senator Robin Titus
Assemblywoman Natha Anderson
Assemblywoman Shea Backus
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory Hafen II
Assemblywoman Sandra Jauregui
Assemblyman Gregory Koenig for Assemblywoman Heidi Kasama
Assemblyman Cameron "CH" Miller
Assemblyman Philip P.K. O'Neill
Assemblywoman Sarah Peters
Assemblyman Howard Watts
Assemblyman Steve Yeager

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Heidi Kasama

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Brenda Erdoes, Director, Legislative Counsel Bureau
Sarah Coffman, Fiscal Analyst, Assembly
Wayne Thorley, Fiscal Analyst, Senate
Brody Leiser, Chief Principal Deputy Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Karen Hoppe, Principal Deputy Fiscal Analyst
Julie Waller, 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
Melissa Garvin, Fiscal Analysis Division Secretary

EXHIBITS:

- [Exhibit A:](#) Meeting Packet - Volume I
- [Exhibit B:](#) Meeting Packet - Volume II
- [Exhibit C:](#) Meeting Packet - Volume III
- [Exhibit D:](#) Agenda Item G.2 - Governor's Office of Finance, American Rescue Plan Act Spreadsheet
- [Exhibit E:](#) Response from Injured Police Officer's Fund
- [Exhibit F:](#) Response from AAA Scholarship Foundation
- [Exhibit G:](#) Response from Student Choice Fund of Nevada
- [Exhibit H:](#) Response from Silver State Scholarships
- [Exhibit I:](#) Response from the Education Fund of Northern Nevada
- [Exhibit J:](#) Response from America's Scholarship Konnection
- [Exhibit K:](#) Agenda Item R - Home Means Nevada Initiative Award Status Spreadsheet
- [Exhibit L:](#) Public Comment - Support for Agenda Item F
- [Exhibit M-1:](#) Public Comment - Melanie Arizmendi
- [Exhibit M-2:](#) Public Comment - Joleen Reyes
- [Exhibit M-3:](#) Public Comment - Carlos Padilla
- [Exhibit M-4:](#) Public Comment - Frances Floresca
- [Exhibit M-5:](#) Public Comment - Julia Manzano
- [Exhibit M-6:](#) Public Comment - Estela Manzano
- [Exhibit M-7:](#) Public Comment - Itaybe Arias
- [Exhibit M-8:](#) Public Comment - Maria Flores
- [Exhibit M-9:](#) Public Comment - Michael Smith
- [Exhibit M-10:](#) Public Comment - Cindy Martinez
- [Exhibit M-11:](#) Public Comment - Tom Wellman
- [Exhibit M-12:](#) Public Comment - Patricia Mancilla
- [Exhibit M-13:](#) Public Comment - Elizabeth Guzman
- [Exhibit M-14:](#) Public Comment - Alicia Manzano
- [Exhibit M-15:](#) Public Comment - Cesar Manzano Jr.
- [Exhibit M-16:](#) Public Comment - Melissa Clement
- [Exhibit M-17:](#) Public Comment - Sara Choat
- [Exhibit M-18:](#) Public Comment - Rabbi Mendel Levine
- [Exhibit M-19:](#) Public Comment - Lara Allen
- [Exhibit M-20:](#) Public Comment - Mathilda Guerrero
- [Exhibit M-21:](#) Public Comment - Pauline Lee, Keystone Corporation
- [Exhibit M-22:](#) Public Comment - Yajaira Rimendes
- [Exhibit M-23:](#) Public Comment - Teissy Angel
- [Exhibit M-24:](#) Public Comment - Alexander Marks, Nevada State Education Association
- [Exhibit M-25:](#) Public Comment - Valeria Gurr, Nevada School Choice Coalition
- [Exhibit M-26:](#) Public Comment - Linda Gannon

[Exhibit M-27:](#) Public Comment - Diane Poyzer
[Exhibit M-28:](#) Public Comment - Leo Henderson
[Exhibit M-29:](#) Public Comment - Charles Gronbach
[Exhibit M-30:](#) Public Comment - David A. Tilem
[Exhibit M-31:](#) Public Comment - Laura Dority
[Exhibit M-32:](#) Public Comment - Patricia A. Brinkley
[Exhibit M-33:](#) Public Comment - Teri Graf-Pulvino
[Exhibit M-34:](#) Public Comment - Dr. Connie Y. Stolworthy
[Exhibit M-35:](#) Public Comment - Charles Cohn
[Exhibit M-36:](#) Public Comment - Ms. Albeza
[Exhibit M-37:](#) Public Comment - Rocio Perez
[Exhibit M-38:](#) Public Comment - Nicol Herris
[Exhibit M-39:](#) Public Comment - Barbara Gross
[Exhibit M-40:](#) Public Comment - Jesse Law, Clark County Republican Party of Nevada
[Exhibit M-41:](#) Public Comment - Gordon McGregor
[Exhibit M-42:](#) Public Comment - Ro-An Delos Reyes
[Exhibit M-43:](#) Public Comment - Bob Anderson
[Exhibit M-44:](#) Public Comment - Susan Kaiser
[Exhibit M-45:](#) Public Comment - L. Nicole Rodriguez, Grace Christian Academy
[Exhibit M-46:](#) Public Comment - Amy Luksza, America's Scholarship Konnection
[Exhibit M-47:](#) Public Comment - Carter Schleicher
[Exhibit M-48:](#) Public Comment - Lee Hoffman
[Exhibit M-49:](#) Public Comment - Marcos Lopez
[Exhibit M-50:](#) Public Comment - Steven Horner
[Exhibit M-51:](#) Public Comment - Phillip Kaiser
[Exhibit M-52:](#) Public Comment - Barney Wadley
[Exhibit M-53:](#) Public Comment - Laura D. Waller
[Exhibit M-54:](#) Public Comment - Deborah Mardon
[Exhibit M-55:](#) Public Comment - Matthew Montognese
[Exhibit M-56:](#) Public Comment - Byron Brooks, Nevada System of Higher Education
[Exhibit M-57:](#) Public Comment - Michael L. Greedy
[Exhibit M-58:](#) Public Comment - James Benthin
[Exhibit M-59:](#) Public Comment - Susan Dubin
[Exhibit M-60:](#) Public Comment - Monterey Brookman
[Exhibit M-61:](#) Public Comment - Erin Phillips, Deborah Earl
[Exhibit M-62:](#) Public Comment - Salome Balecha
[Exhibit M-63:](#) Public Comment - Martselina Phillips
[Exhibit M-64:](#) Public Comment - Tom Wilson
[Exhibit M-65:](#) Public Comment - Natasha Noneo
[Exhibit M-66:](#) Public Comment - Jana Wright
[Exhibit M-67:](#) Public Comment - Richard Haddrill
[Exhibit M-68:](#) Public Comment - Chris Daly, National Education Association

A. ROLL CALL.

MELISSA GARVIN (Secretary, Fiscal Analysis Division, Legislative Counsel Bureau [LCB]), called the roll. All members were present except Assemblywoman Kasama, who was excused. Assemblywoman Jauregui joined the meeting in progress.

B. PUBLIC COMMENT.

MELANIE ARIZMENDI provided public comment for the record ([Exhibit M-1](#)).

JOLEEN REYES provided public comment for the record ([Exhibit M-2](#)).

CARLOS PADILLA provided public comment for the record ([Exhibit M-3](#)).

FRANCES FLORESCA provided public comment for the record ([Exhibit M-4](#)).

JULIA MANZANO provided public comment for the record ([Exhibit M-5](#)).

ESTELA MANZANO provided public comment for the record ([Exhibit M-6](#)).

ITAYBE ARIAS provided public comment for the record ([Exhibit M-7](#)).

MARIA FLORES provided public comment for the record ([Exhibit M-8](#)).

KARINA:

I am here because I support education and would like the Nevada Educational Choice Scholarship Program (Opportunity Scholarships) to continue. My kids did not receive the help they needed from the Clark County School District (CCSD); they were failed, which is why I am here. I did not know about these scholarship opportunities when my own kids were in school and do not want those who have these scholarships now to lose them. I ask that you base your decision not on where the money is going, but rather on the children and their future. The children deserve a future where they can support their own families and not have to constantly struggle.

MAXINE NEETS:

I am an engineer, by profession. I am a business-owner here in Carson City. I have been a teacher, a tutor, and an instructor at the college level, and I can tell you that our students are not being educated in the way we were when we were young. Students today are the people who will be managing the government and the economy when we are too old to do so. We need to make sure they have a proper education, but the system is failing them. It is not the teachers who are failing them, for a lot of the teachers are very good and dedicated to their work. We need to be able to provide scholarship or charter school opportunities, or to do whatever is necessary. It is not a matter of taking money away from the public schools. When a student moves from a public school to a private or charter school, the public-school expense for that child does not exist anymore. The money should follow the child. If the child is out of the public school system, and in

another school system, a private school, or a charter school, then that is where the money should be. I urge you to support education by allowing parents to be more in charge of their child's education. Who knows a child better than his or her own parents?

MICHAEL SMITH provided public comment for the record ([Exhibit M-9](#)).

CINDY MARTINEZ provided public comment for the record ([Exhibit M-10](#)).

ROXANNA:

The reason I am here is because I think we need to prioritize and understand the education of our children. They are the future of our nation. We need to make sure we have the resources to prepare our children for the challenges of the future; to stay ignorant about this fact will cause chaos for the nation. We need to have better resources and opportunities for their education. The Opportunity Scholarships we are asking for are for our children to attend better schools because right now, they are having emotional and educational problems. We need to work together, so we can make Nevada a better place for our children, and so they can be ready and prepared for the challenges ahead. Nevada's education system is ranked one of the lowest in the country and this is something we need to work on, so our children have better opportunities. We need to prepare them, so they can be ready. We are blessed that God is here with us and with this state.

TOM WELLMAN provided public comment for the record ([Exhibit M-11](#)).

PATRICIA MANCILLA provided public comment for the record ([Exhibit M-12](#)).

ELIZABETH GUZMAN provided public comment for the record ([Exhibit M-13](#)).

ALICIA MANZANO provided public comment for the record ([Exhibit M-14](#)).

CESAR MANZANO JR. provided public comment for the record ([Exhibit M-15](#)).

MADELINE CHILDERS:

I am the principal of Spring Valley Christian Academy. I come to you as a principal, an Air Force brat, and a proud American. My father was stationed at Nellis Air Force Base, so I grew up here in Las Vegas. I am also a proud Latina. It is no secret that the Nevada school system is failing. Governor Lombardo just signed a bill to fund the public schools for \$12.0 billion. I do not begrudge the public school system that money, for we are not asking for public school system money; we are here to ask you to invest in minority and low-income families. If you really want to help minorities, if you really want to fund low-income families, then you will fund the Nevada Educational Choice Scholarship Program. In my opinion, you would have an argument not to fund the program if Nevada was ranked maybe 25th or 30th out of the 50 states, but Nevada is at the bottom. To help these low-income students, we must fund the Opportunity Scholarships.

JENNY DEL ROSARIO:

I used to work for the Juneau School District in Alaska. I moved to Las Vegas and now I am a retired senior. My passion has been to serve and teach special needs children. Now, I have accepted a leadership role as president of the Las Vegas Professionals Lion's Club. The reason I accepted the leadership position was because of the project that the club had advocated for, which is the John F. Miller School, a CCSD school that focuses on the needs of special education students. I had fought on behalf on special education students in Juneau for eight years, for I do not see why children cannot have equal opportunities, special or otherwise. I am not here to question budgets, I am here as a volunteer to collaborate with you, to help make your job as legislators, easier. We are here to fix things not out of need, but because we are proactive and able to serve and that is what we do as community leaders and volunteers. The principal of the John F. Miller School collaborated with us, and we have advocated for that school and let the principal know that all the fundraising in our club would go toward the school. I know that school districts have budgets, but children need more funds because every day unexpected things happen, and that is where we come in as volunteers. I am a very proud Nevadan who will stay here and follow my passion to serve and at the same time collaborate with anyone who is an advocate for our community. Thank you very much for giving me this opportunity to speak and say if you have the heart to lead, we are here as advocates to follow you.

BRANDON DAVIS:

I am the product of public schools, a parent of children in charter schools, and an advocate in Assembly District 34 for school choice and equal opportunity for all Nevadans. Today, I strongly urge members of this Committee to vote yes on Agenda Item F and approve this funding for the Nevada Educational Choice Scholarship Program. This decision is more than just a financial one; it is a moral obligation. I have seen and heard from students whose lives have been changed for the better by this program. It provides an opportunity for those who need it most, which are those who are in disenfranchised populations, minority families, and those in a lower socioeconomic bracket. The average household income of students participating in this program is less than \$57,000 per year, and yet this program provides access to a quality education tailored to these students' needs. In a time when Nevada faces immense challenges in education, we must take action to offer flexibility to families. If we do not approve this funding, hundreds of students will lose access to the schools they have been attending, which could be devastating to their ongoing development.

This is a time when we should not play politics; instead, it is a chance to show good faith to the families who need it most. Let us not overlook the broader impact of this program. With a mere \$3.2 million, we can extend the Nevada Educational Choice Scholarship Program to hundreds of children, enhancing education for all our students, without detracting from public school programs. A vote of yes for Agenda Item F is not just an investment in our children's future, but an investment in Nevada's future. We would be laying the foundation for a skilled and diverse workforce in a thriving community. I urge you to vote in favor of Agenda Item F and join us in our pursuit to make Nevada a place

where every child, regardless of his or her background or zip code has a fair shot at success.

JIM BLOCKY:

The first question we need to ask ourselves is will Opportunity Scholarships help to save our deteriorating education system. The second question we need to ask ourselves is are we more concerned with saving the system or saving America's children from the system. Your solutions are to throw more and more money at a so-called curriculum. You put more emphasis on social subjects such as abortion, transgender rights, sex change and selfishness, and so many others, instead of on academic subjects like reading and math. You promote tolerance, but not tolerance of people, which I am all for; it is tolerance for their actions, their misbehaviors, which I am totally against. Hosea 4:6 from the Bible tells us that God's people are destroyed from lack of knowledge. Not many people know that the 1962 decision to take prayer out of schools, the Supreme Court said it was illegal to teach a religion; however, it also said it is illegal to teach against any religion and believe me, our public schools are breaking the law every day. Believe me when I tell you, all those social subjects I mentioned above go directly against my religion. What I find so ironic is that years ago, we Christians were told to stop trying to force religion down your throats. Now it is you who are, you are not trying, you are, forcing your religion down our throats, using the public schools and our children. Until we change what we are teaching in our schools, programs like the Nevada Educational Choice Scholarship Program are going to be imperative for Christ-fearing parents.

So, in answer to my first question whether the Nevada Educational Choice Scholarship Program will save our deteriorating educational system, the answer is no. Scholarships are not going to help to fix public education. But what it will do is help to save some children from indoctrination by our public education system. In answer to my second question whether we are more interested in saving the system or saving America's children from the system, you are going to answer that one with your vote. If you vote for the scholarships, there is a chance you might be more concerned about our children than about the system. If you vote against the scholarships, you undoubtedly care more about the system than about America's children.

CHRISTINE SAUNDERS:

I am the Policy Director with the Progressive Leadership Alliance in Nevada (PLAN) here to oppose the work program and Agenda Item F, the utilizing of COVID-19 Relief Program dollars to pay for another voucher scheme. Governor Lombardo is politicizing the Interim Finance Committee to please his campaign supporters. Why did this issue not come up during the 2023 Legislative Session? Well, I thought it did, yet it seems like people have not taken no for an answer. I thought the Legislature made it very clear that we should not be funding private schools when our public funds are in need of services. I resoundingly reject this request.

It is ironic that he makes such a request when hundreds of thousands of Nevadans were told "no" with a record number of 75 vetoes earlier this year. Those it would have protected: tenants being taken advantage of by their landlord. Also vetoed was a

reforming of our summary eviction process; the providing of free school lunches; and the providing of health care coverage for pregnant moms, regardless of their residency status. We urge Governor Lombardo and this Committee to consider the emergency at hand. Instead of supporting the use of public money to build stadiums, fund private schools, and potentially lure film studios, support the use of public money to address the crisis of Nevadans facing eviction.

This is the last time I will testify before you in my role as policy director of PLAN, as I will be leaving at the end of August to care for my child this fall. Once again, I implore you that now is the time to be bold for Nevadans and tackle our worsening housing crisis once and for all.

AMBER SALDOUT:

I am calling to urge you to vote no on Agenda Item F. We need to prioritize our funding more appropriately, given the issues facing Nevadans. We have an extreme housing crisis in Nevada. I know that phrase has been over-used as a buzz-term and has likely lost some of its shock value. But the truth is that Nevadans are being evicted at an alarming rate. In Las Vegas, we have seen a 170% increase in evictions recently. Tenants are being evicted during an historic heatwave and they have nowhere to go. Instead of allocating funding for rent assistance or even downpayment assistance, we are arguing about funding for vouchers for private schools. Educational tax credit programs open opportunities for misuse of public funds and often sow confusion about how the money is being distributed. As we can clearly see from this current situation, the voucher program redirects our public taxpayer money to private, unaccountable corporations. It is simply a scheme to help the wealthy avoid paying taxes. We must focus on keeping our public money in public schools and using public money to help community members with basic necessities like housing.

BOB RUSSO provided public comment for the record ([Exhibit L](#)).

PETER GUZMAN

I am president of the Latin Chamber of Commerce, Nevada, Inc. So, Nevada Educational Choice Scholarship Program—the name alone is the reason why we need a program like this one. If this program is truly about the kids, then there is nothing to fear. I cannot believe I am being told that Opportunity Scholarships are what is going to tip the public school system over the edge. This is an outrageous claim, and if this is truly the reason there is an objection to funding Opportunity Scholarships, then we have much bigger problems. Opportunity Scholarships do not cost taxpayers anything. The money for the program is already there. The kids in the program are already there. It would be insane to see kids get kicked out of this program because adults are, as far as I am concerned, arguing about politics. The requested funding is not going to destroy the public school system and if it is, then it is in a lot worse shape than we thought it was. This program is about kids. Everything should be on the table: Opportunity Scholarships, school choice, public schools, homeschooling, and anything that will benefit children. This issue is about the kids.

MELISSA CLEMENT provided public comment for the record ([Exhibit M-16](#)).

HAILEY LINDSLEY (Administrative Organizing Specialist, Planned Parenthood Votes Nevada):

I am an organizer at Planned Parenthood. I am testifying today because all Nevadans deserve the chance for an eviction hearing. Citizens should have access to resources and interventions when coming to court and should have adequate time to find new housing. By failing to take decisive action, people enter an eviction pipeline. Instead of protecting our communities from houselessness and displacement, Governor Lombardo's approach not only deepens the eviction crisis, but disproportionately impacts vulnerable communities.

Inequities in housing access and stability are intrinsically linked to reproductive justice concerns because safe and stable housing is crucial for individuals and families to make informed decisions about their reproductive lives. Everyone should have the right to parent children in safe and healthy environments. Stable housing and access to quality education are fundamental pillars that shape a person's ability to thrive, make reproductive choices and support the well-being of their families. We urge the Committee to consider a comprehensive approach that values stable housing as an essential aspect of autonomy enabling individuals to lead healthy and fulfilling lives. We need to dismantle the barriers that perpetuate inequities in our communities, ensuring all Nevadans have access to safe and stable housing to raise their families.

DAVID GIBBS (President, Nevada Republican Club):

I want to echo the comments of Mr. Guzman that he just made a few moments ago. This issue is about the kids. There are over 385,000 students in the Nevada public school system. We are talking about 600 students here. That is 0.15% of the population of the school system. If funding these kids is going to have such a negative impact on our schools, then we have got bigger problems than just the fact of whether the Nevada Educational Choice Scholarship Program funding gets passed. I do not understand when the Democratic Party stopped being the supporter and the champion of minorities. I do not understand when it stopped being the champion of the individuals and families at the lower end of the income spectrum who need assistance and opportunities that the government can provide them. I trust that you will take another look at it and approve Agenda Item F.

CHRISTINE IVANOV:

I am in Assembly District 42. I want to say that the grade for Agenda Item F on the agenda for the schools is "F" because that is exactly the grade our public schools have been getting for the last several years. Many of you have been in the Legislature and have not managed to pass any laws to correct that. And you did not sign anything to fund 600 kids, either. You want to take them from the schools they are in now, the schools they know. That is cruel and unusual punishment for them. Imagine if one of your kids was one of those 600 kids. What would you do then? You are there to represent us and you are supposed to do what we ask you to do. Approximately 80.0% of Nevadans approve school choice, yet that did not happen. I hope Nevadans are listening and will be more

informed the next time they vote and will put people in the Legislature who are actually going to represent them. If 80.0% of Nevadans want something, that should have been an easy decision. It is an easy decision to vote yes on Agenda Item F because of our failing schools.

Do not stress those kids anymore. They have enough stress. You know how stressful it is to be a teenager, and on top of that you want to take them from an environment they know and put them into an environment they do not want to be in? That is unfair. Please reach inside your heart. This decision is not about politics; this decision is about kids and their future. Those kids are going to grow up and will be our future. We are going to grow old and will be waiting for them to take care of us. If we do not treat them right, we will not have a future.

HARRY HINDERLITER:

Please vote yes on Agenda Item F to restore our kids' funding to the Nevada Educational Choice Scholarship Program. Without restoring full program funding with the federal Coronavirus Relief Funds, more than 500 students who were promised scholarships will lose their scholarship to the school of their family's choice. They would likely have to go to the public school zoned for their address. By using federal Coronavirus Relief Funds, restoration can be done without impacting the General Fund.

Let me share a few reasons why educational choice is so important. One, educational choice means access to quality education is not conditioned on a family's ability to purchase an expensive home or pay private school tuition. Two, Nathan Hoffman, Senior Director, State Policy and Advocacy of ExcelinEd states that the best public school/private school/charter school/virtual school will not work for every student. It is about having options. Three, pandemic school closings and distance learning was a catastrophe in terms of student mental health as well as a decade lost on math and reading progress scores. Unfortunately, many already vulnerable and academically challenged students from lower-income neighborhoods were more negatively impacted than other students. Four, school choice is a good starting place to help counter the catastrophic pandemic impact on student learning. Five, school choice increases parental satisfaction and involvement. Six, school choice leads to higher graduation rates. And finally, is it necessary for these students and their families to experience the disappointment, pain, and frustration of losing Opportunity Scholarships when Coronavirus Relief Funds are available? Please restore Opportunity Scholarships to full funding.

SARAH CHOAT (Legacy Christian Academy) provided public comment for the record ([Exhibit M-17](#)).

CARLA VELASQUEZ:

I am in support of Agenda Item F. I come from a small town in Peru, and I am here to share my testimony as an Access student in a public school. As a student, I always wanted to have the necessary elements that would help me improve my education, such as technology and trained teachers, among other things. But my reality was different from what I wanted: we did not have the proper technology, teachers were not trained

very well because there was not enough money from the government, and the school environment was not the best. But my classmates and I, and even the parents had to strive to have access to resources, despite not having enough money to afford such things as private classes. On the other hand, the students who went to private schools enjoyed many benefits, such as better-prepared teachers to instruct them. I wanted to study in a private institution, but it was so difficult because I did not have enough money and the scholarships were too few for the number of applicants.

When I arrived in the United States, I thought that everything would be different, but I realized it was almost the same situation. People with more economic resources can access private school and have more options for a good education, while people with fewer resources do not have many options. In my opinion, if you do not have money, there are not many opportunities to receive the type of education we all deserve.

In conclusion, I can say that these types of opportunities like the Nevada Educational Choice Scholarship Program help people like me to have a better education. As a result, progress would be more efficient for both our community and country.

DEBRA EARL (Vice President, Power2Parent, Inc.):

I am here to advocate for the families who were forgotten in the last legislative session. As we have heard in much testimony today, the State of Nevada has some of the worst academic outcomes in the nation. Despite massive funding increases since 2015, our schools have not shown measurable improvement. Wealthier families can flee a failing public school and choose a better environment for their children through charter or private school options. Less fortunate families are relegated to whatever school is assigned to them according to their zip codes. This means the lower-income children have fewer educational opportunities. Now, these kids who have found the classroom that works for them through the Nevada Educational Choice Scholarship Program may lose their scholarships and arguably, the opportunity to succeed in school. They face the risk of being sent back to a school they fled in search of a better learning environment. The overwhelming majority of evidence shows that school choice programs get results not only for those who participate in them, but also for the students in public schools, by increasing competition and lowering class sizes to reduce the burden on teachers. Choice also saves taxpayer funds and reduces socioeconomic and racial divisions. The CCSD currently has more than 1,000 teacher vacancies. If these kids lose their scholarships, they will likely be sent back to a classroom that is already overcrowded and may not have a licensed teacher. Parents in Nevada overwhelmingly support these families who benefit from Opportunity Scholarships. We should be looking for ways to improve academic outcomes by expanding education choice for low-income families. Opportunity Scholarships improve education, reduce socioeconomic division, and lessen the burden on a public school system that is struggling to serve the unique learning needs of every child.

KARLA SEVERSON:

I am here as an immigrant from the Philippines, proud naturalized U.S. citizen, proud mother of three and an advocate for quality education. I am here to express my strong support for Agenda Item F and the funding it provides for school choice. As an immigrant, I understand the value of education as a gateway to success and opportunity. My own journey in this great country has been shaped by the quality education that I have received. I firmly believe that every child, regardless of their background, should have access to the same opportunities I had.

In 2020, I was part of an initiative to open a micro-school, a place where young minds could flourish and receive personalized attention. I had the privilege of working one-on-one with children, teaching them how to read and master math. To my dismay, many of these children were from the CCSD and were struggling to read at grade levels that were appropriate for their age. Some were in third grade or beyond and yet unable to read proficiently. It became clear to me that something needed to change. We cannot stand idly by while a generation of children struggles to access the education they deserve. The Opportunity Scholarships provided by Agenda Item F represents a lifeline for these children. It is a chance to break free from the cycle of educational disparities and set them on a path toward success. By releasing the funds for the Nevada Educational Choice Scholarship Program, we can give these children the chance to attend schools that are a right fit for them, schools that can address their individual needs and help them reach their full potential. As a mother, I understand the deep desire to give our children the best possible future, and quality education is at the heart of that aspiration. I urge you, esteemed members of the Legislature, to consider the impact that this funding can have on the lives of countless children who are currently struggling within the public education system. Your support for Agenda Item F can be the catalyst for change, a step toward a brighter future for these children and for the State of Nevada as a whole. Let us come together to invest in the future of our children and ensure that every child like my own has the chance to thrive through quality education.

STAN SPRAUL:

I had not planned to speak, but I have been so impressed with the people here who are talking about their experiences and expressing their concern about the Nevada Educational Choice Scholarship Program and what it has meant to them in their lives. When I moved my family here in 1998, we moved into a house in the middle of the desert and coyotes were our neighbors. Since then, it has grown dramatically, and luckily, there was a high school built right at the back of our property. And my kids fortunately were able to experience a brand-new school, brand-new teachers, a brand-new principal. It was a very exciting time in their lives, and they graduated in the second- and third-year classes of that school. They both went on to the University of Nevada, Las Vegas (UNLV), graduated, and are both successful members of the community. I could not be prouder.

But I am not going to focus on them; instead, I am focusing on the people we see out this window, those who have less experience, and less of a neighborhood to grow up in that is safe and built around family and friends. We are talking about the ones who are left behind, left out, get stuck in dead-end schools, and have no real opportunity or no real

future to look forward to. But, members of the Committee, you hold in your hands their opportunity to succeed and become participating members in the community. I wholeheartedly hope that you will look at this Nevada Educational Choice Scholarship Program you have in front of you now. Anybody who does not consider this program an integral part of our community in my opinion does not belong here in this room today. I have heard nothing other than support for this program and personally, I would like to see it continue and grow. I hope you will truly look seriously at this opportunity for you to do something that is great for the community and the people around you.

MICHAEL RYAN:

Please approve Agenda Item F to allocate more funding to the Nevada Educational Choice Scholarship Program. Students with Opportunity Scholarships deserve to be treated fairly. This year, legislators voted to take away scholarship funding that allowed the program to grow beyond its \$6.7 million cap. It is estimated that it takes about \$9.0 million per year to sustain the current participating number of students of 1,402 at an average scholarship of \$6,086. Without restoring full program funding, more than 500 students who were promised a scholarship last year will lose their scholarships. These students will then have to find a new school to attend.

This program helps the most vulnerable communities access school options when the public school assigned to their zip code is not serving them. A student is only eligible for a scholarship if his or her family's income does not exceed 300% of the federal poverty level, which is approximately \$83,250 for a family of four; however, the average household income of the students participating in the program is less than \$57,000 per year. Please help these students, so they do not lose their scholarships.

RABBI ELI DAVIDOWITZ (Student Choice Fund of Nevada):

I am here representing the Student Choice Fund of Nevada, one of the six scholarship grant organizations (SGOs) that serve families and students in Nevada. Collectively, we serve hundreds of families in Nevada. The challenge we are facing right now is scarcity of resources. There will always be private schools in Nevada. And the wealthy, the affluent and the well-connected will always have the opportunity to send their children to those schools. By contrast, the Nevada Educational Choice Scholarship Program is a needs-based scholarship program that provides the opportunity for any family meeting the poverty guidelines to attend the school of their choice. Does the \$6.7 million cap that currently exists mean that all the SGOs combined can only fund 706 children? This calculation assumes that each student gets the maximum, which is less than one-tenth of 1.0% of all the students in Nevada. I encourage you to look into your hearts and into the eyes of everyone who testified today during public comment and do whatever you can to please help those families.

JOHN GUEDRY:

I am an education advocate for all forms of education. I support Agenda Item F to use Coronavirus Relief Funds for generational change for students who are watching their futures dissipate, as the adults they count on debate politics. Why do I support Agenda Item F? First, it passed legislatively in 2017 with \$20.0 million of taxpayer funding

from new taxes, so the money was not taken from funds for the public school system. A record \$1.5 billion tax increase, predominantly a business tax including a commerce tax, which is the payroll tax, funded the Nevada Educational Choice Scholarship Program. Since that time, in the 2019 and 2021 Legislative Sessions, that \$20.0 million has dwindled to less than \$10.0 million. I would like to know where the rest of those funds were reallocated, continuing to phase out this program.

The cost of Opportunity Scholarships is a lower per pupil cost for the state because the state funds the Nevada Educational Choice Scholarship Program on a per pupil basis using the base level funding. It does not include any categorical funding, which is also funded by the 2015 tax increase. In most of these cases, the students eligible for the funds would be low-income students or Title 1 (federal) students coming from an English language learning background. All available additional funds they would have in the public school system would be required to be funded by the state. They are not giving that money to the private schools. The private schools are picking up the shortfall in the form of scholarships to these students. Rather than bashing these private schools, they should be commended for increasing their costs to bring in more students, to give more students an opportunity who otherwise would not have it. Taking away school choice negatively impacts only the most vulnerable children who are forced into returning to the worst-performing schools in the country. Currently, it would significantly increase public funding, a 40% increase since 2015, so it would be from the last eight years and then another large increase in this last legislative session for public funding. There should be no argument as to where the funds are coming from. They are coming from additional tax dollars, not from the public school system. The funds are following the same student that the public school is no longer required to educate.

RABBI MENDEL LEVINE provided public comment for the record ([Exhibit M-18](#)).

LARA ALLEN provided public comment for the record ([Exhibit M-19](#)).

SUE BURTCH (Co-Executive Director, Nevada Chapter, National Organization for Women [NOW]):

I am the parent of a first grade CCSD teacher in North Las Vegas. We are here in opposition to Agenda Item F. In my past life, I worked with hundreds of public and private schools with students from all socioeconomic levels. Not one private school had state-funded scholarships. Everything we have heard today, all the statements, just reinforce the need to give more funds to our public schools. We hope you will vote in opposition to Item F.

DANIEL BRAISTED:

I am in favor of continuing the Nevada Educational Choice Scholarship Program funding. The recipients of these scholarships have been given an opportunity they have prepared for. Those who are doing well should continue to get their funding. The money is not coming out of the public schools, so I am in favor of it.

SHELBY SWARTZ (Interim Director, Battle Born Progress):

I am calling to express opposition to Item F. Public education is a cornerstone of our society, providing equal opportunities for all children, regardless of their race, socioeconomic background or abilities. It is a fundamental principle that every child should have access to a high-quality education that prepares them for success in life. We should not be defunding public schools by siphoning money into private or charter schools, which have less accountability and oversight and are propped up by the likes of Betsy DeVos and other wealthy elites. Private schools can refuse service to anyone because of an individual's disability, race, ethnicity or gender identity. This type of discrimination is unacceptable and the attempts to funnel more money to the schools is simply an effort by the Governor to fulfill a campaign promise to wealthy donors.

We must refocus our priorities in the state to ensure everyone has access to the quality education and services they need for success. This session, the Governor had the opportunity to turn valuable pieces of legislation into law, including multiple bills that would curb the ever-worsening housing crisis in our state. Instead, he focuses on providing more money to so-called Opportunity Scholarships. Meanwhile, evictions have risen substantially in the state, particularly in Las Vegas, amid multiple heatwaves that have wreaked havoc across the state. This situation is inhumane. Our priorities should be to address the housing crisis, not funnel more funds into private schools to serve a select few.

DANIELLA REYNOLDS:

I am here to comment on Informational Item R. While all three housing justice bills were vetoed by Governor Lombardo after being passed through the Legislature, we still need to keep them at the top of our minds for upcoming elections and legislative sessions. It is a great detriment to the entire State of Nevada to not prioritize affordable housing and tenant protections. We cannot expect our citizens to be productive members of our community if they are constantly worried about keeping a roof over their heads. Housing is not a commodity. We are being strangled by corporate greed and misguided landlords. My husband and I both have well-paying jobs, and still, I am only one paycheck away from missing my rent payment. Housing costs have increased dramatically, while wages have barely moved in many years. For those who do not think houselessness can happen to them, they are mistaken. I urge the Committee to put less focus on lining the pockets of large corporations and building a stadium, and instead focus on the constituents' need for the basic human right of housing and housing protections.

CYRUS HOJJAKY:

I want to call in support of Agenda Item F because other than the Nevada Educational Choice Scholarship Program, what is really the solution to the schooling situation that we have now? Should we just increase more and more funding? Doing that would eventually result in higher taxes. We have raised taxes many times. If we continue to do so, it is going to reach a point where the prime attraction of living in this state – the tax climate, will go away. We do not have the economies that California, Illinois and New York have, where a large, wealthy corporate sector is able to fund all this extra spending. We do not have that. Our economy is not that diversified.

And speaking of why these schools are such a mess, a former sheriff said it is because we do not have good family structure – the parental involvement is not adequate. Lack of parental involvement is the main reason, so I think our schools should teach more about building good family structure and increasing the birth rate. The subjects of building good family structure and increasing the birth rate are what Elon Musk has talked about.

Now I want to talk about rent. If you want to improve the housing situation, think about the fact that the federal government owns 80% of the land, which of course Clark County Commissioner Larry Brown (2009 – 2020) told me – that we have land barons. What about the hedge funds buying all the property? What about all the permits and codes it takes to build new structures? Make it easy to ban housing supply first, and then you can figure out other measures. I am concerned why these organizations are not talking about that.

SERENA CARDENAS:

I am a parent of children with post-traumatic stress syndrome. I originally was not in favor of programs such as the Nevada Educational Choice Scholarship Program. But, after hearing testimony about the Nevada Educational Choice Scholarship Program and the impact it has had on the success of fellow Nevadan children, I completely support it. How can you not? I ask all of you, after hearing the testimony of the child who sat in front of you asking to please not make him leave his school, how can you reject his pleas? If you strike down Item F, where is the argument that your concern is with the underprivileged, especially when a vote for Item F is not hurting anyone, but helping them, instead? Your decision today to take opportunities from them would be heartless. Vote your conscience.

JIM DEGRAFFENREID (Nevada Republican National Committeeman):

I am in support of Item F on behalf of the Nevada Republican Party. Item F is simple: do we let low-income families lose their option for school choice because of legislative inaction, or do we use a small portion of available COVID-19 Relief Program funds to give them a way out to achieve success? Everyone knows our public school system in Nevada is not working. The system is typically ranked last in the country. This low ranking is not from lack of funding. We have significantly increased spending for public schools in virtually every legislative session for decades, including the \$2.0 billion increase this year in Governor Lombardo's budget. Yet, we have not seen the results to justify the increased spending. Even though our public schools have dropout rates approaching 50% and single-digit achievement in math proficiency, private schools in the same geographic area have managed to achieve outstanding results for their students, often while spending far less per pupil.

Opportunity Scholarships are funded by the private sector, giving businesses a chance to exchange some of their onerous tax burden for a chance to change kids' lives. What a great deal. The amount of these scholarships per child is less than what public schools spend per child, and they get better results. If you are pragmatic, you must admit, the Nevada Educational Choice Scholarship Program is a great deal for taxpayers, as well as for low-income parents who might not have access to school choice without these scholarships.

Governor Lombardo's proposal to use money for COVID-19 recovery to pay for the Nevada Educational Choice Scholarship Program when the COVID-19 shutdowns are now known to have been harmful to public health and education is a great idea. Our children were the most harmed victims of the unnecessary two-year government shutdown of the State of Nevada. The Governor's proposal does not take money from the public schools, but instead uses COVID-19 Relief Program dollars to allocate a small fraction of the amount of public school increases to give all families school choice. This proposal is an easy one to support if you support giving kids from every family, regardless of income, the chance for a great education. Please vote yes on Item F.

MATHILDA GUERRERO (Government Relations Director, Native Voters Alliance Nevada) provided public comment for the record ([Exhibit M-20](#)).

VIRGINIA NISSE:

I am calling in support of Item F. The allocation of funds to the Nevada Educational Choice Scholarship Program will help underprivileged children, as well as others. We keep throwing money away when we give it to the public schools and get very little in return. We see our norms slipping backward and our schools rank 49th in the nation. As Mr. DeGraffenreid said, this program is funded by businesses to relieve their tax burden and I believe our children need these opportunities, not lip service. Please support Item F.

LESLIE QUINN provided public comment for the record ([Exhibit L](#)).

PAULINE LEE (Keystone Corporation) provided public comment for the record ([Exhibit M-21](#)).

JERI BURTON (Co-Executive Director, Programs and Coalition Coordinator, Nevada Chapter, NOW):

I am here in opposition to Item F. I am a native Nevadan. I attended public school here, and my family members have been public school teachers, coaches, and counselors here in Clark County for over sixty years. My four children attended and now my grandchildren are attending public schools here. When my grandson was diagnosed with autism, they told us to move to California, but this is our home. Our special needs kids do not get the education they need in the public schools here. They need more funding. State money should not be used for private schools. Nevada NOW has supported funding for our public schools during the 2023 Legislative Session and we oppose Item F.

CYNTHIA DIANNE STEELE (First Vice President, Nevada Republican Club):

The Nevada Republican Club supports the proposal to repurpose the remaining federal Coronavirus Relief Funds for our state and use them for the Nevada Educational Choice Scholarship Program. This use would be to enrich those citizens who suffered during the pandemic. Many children in our community suffered a loss in their educational needs not being met for two years, due to the strain on alternative means of instruction. Using this money to fund educational scholarships will serve to right the ship on behalf of those who desperately need to catch up in their academic status.

I served as a district court judge for several years where I routinely encountered youth in our delinquency system who could only read at the third or fourth grade level, even though they were in the tenth and eleventh grades. I think if they had been able to use scholarships to attend a school more suited to their educational needs, they may not have ended up in the judicial system. I will also say that as a divorce judge, often individuals told me that they wanted a divorce so they could move to another state with their children because that state has a better education system. Our poorly performing schools are often used as justifications for much in our legal system. Systems fail at one thing or another but that is no big deal because it is from the perspective of which child, which organization, or which person is winning or losing on this.

Finally, I served as an Assemblywoman in 1995, so I know what you are going through right now. Do I vote my conscience, the facts, my donors, my constituents? I think what you need to do here is to vote for the end-user, which is those children who rely on you to make the decisions that affect them.

KAREN KOGELSCHATZ:

I am a recently retired teacher from Michigan and now a permanent resident of Nevada. Please approve Item F, which would reallocate funding from the American Rescue Plan Act to the Nevada Educational Choice Scholarship Program. This program, which began in 2015, has helped thousands of kids who are economically disadvantaged to have a better opportunity for a successful future by allowing them to attend schools that better meet their needs. This program has been a great success. According to a recent analysis from the Nevada Department of Education, out of 386 Opportunity Scholarship recipients analyzed, there was a 71% increase in assessment scores in both English language arts and math, as reported by the Nevada School Choice Coalition.

There are 500 Opportunity Scholarship students ready to start school this week, but they are uncertain where they will attend school because the legislators in the last session voted not to allow the program to go past its \$6.7 million cap. I do not understand the logic of this decision. The Nevada Educational Choice Scholarship Program has been overwhelmingly successful as evidenced by the facts stated above. Additionally, there is funding available through the American Rescue Plan Act that was originally meant for Coronavirus Relief Funds but is no longer needed for that purpose; however, it can be used to fund the gap in the Nevada Educational Choice Scholarship Program. It is a win-win situation. There are funds available that can be allocated to this important and successful program that will allow these students to fulfill their destiny. I hope and pray that you will see the logic of this scenario and make the right decision for these students. Successful students mean a successful Nevada for everyone in the future.

DENISE DANIELS SPANNING:

I am here to address the question of whether to allocate \$3.2 million to the Nevada Educational Choice Scholarship Program. I have continued to hear the argument that public money should not go to private or religious institutions. The question then is why did every Democrat on the Interim Finance Committee vote yes to allocate \$15 million of public money to Culinary Union Local 226, which brings in a minimum of \$75 million in

dues; \$2 million to Catholic Charities of Southern Nevada; \$1.2 million to United Way; \$1.5 million to Goodwill; \$4.5 million to College of Southern Nevada; \$2 million to Three Square (a Las Vegas food bank); \$2 million to HopeLink of Southern Nevada; and, \$1 million to Nevada Childhood Cancer Foundation? Many of these organizations are so very worthy, but what makes them more worthy of public money than private schools that educate at-risk kids and provide them with a better future? Frankly, denying \$3.2 million of available funds to kids who are counting on it feels like a game. They deserve better. It is past time to put the real needs of the people first.

YAJAIRA RIMENDES provided public comment for the record ([Exhibit M-22](#)).

DIANNA DIAZ:

I have been homeless twice out here in Las Vegas. I am a public-school advocate and educator from New York. I graduated from the public system. It is very hard to see that there is no help allocated to low-income people, and no affordable housing where we need it most. Right now, Nevada is facing a housing crisis. I want to challenge you to go out into the streets and sleep out there when the cops knock and wake you up to get you to move. I have lived out in the streets, and I've lived in the shelters where people have stolen things, like bus passes and the very little money we have. I would appreciate it if you would help us with the housing crisis because there is no way that kids and educators are going to be able to do their studying if they have no place to live.

TEISSY ANGEL provided public comment for the record ([Exhibit M-23](#)).

ANDY ROMERO (Member, Make the Road Nevada; Housing Organizer, Nevada Housing Justice Alliance):

I am here to talk about Item R. We have a housing crisis in Nevada. As a housing organizer, my job is to reach out to the residents here in Nevada and provide any assistance they might need. I can tell you from personal experience, in the month of June, I have helped in 20 eviction defenses. As someone mentioned before, evictions have sky-rocketed by 170%. It has really been a detriment to our community to see so many families with children have to delay their kids going to school because they were losing their homes. I am here to remind you of the housing crisis.

As for Item F, we should clearly pay attention to the children and parents who are here giving testimony because they are the ones who are directly impacted by this program and who will be affected by your decision.

AMANDA MORGAN (Executive Director, Educate Nevada Now):

Thank you for the opportunity to speak in opposition to Item F, redirecting emergency COVID-19 Relief Program dollars to the Nevada Educational Choice Scholarship Program. First and foremost, the lack of money for the program is far from an emergency and is in no way related to the COVID-19 crisis. In fact, the expiration of the \$4.7 million temporary one-time allocation to the Nevada Educational Choice Scholarship Program has been in law since 2021 and technically expired last school year. No one in the Legislature did anything during the recent session to cut or otherwise cause these funds

to expire. There was not even a bill introduced by voucher proponents to extend the sunset of this one-time allocation, but instead increased eligibility to wealthier families.

Secondly, students have already started the 2023-24 school year. The fact that voucher proponents themselves were seemingly unaware of the alleged lack of funds until recently speaks to the complete lack of accountability and transparency in this program. Data provided to the Nevada Department of Education (NDE) by the SGOs not only failed to indicate who, if anyone, might lose these scholarships. The figures do not even make sense internally – according to the NDE’s most recent report, one of the SGOs gave more funds than it received. Others apparently could not even give away the donations they had. How much money has rolled over from previous years due to lack of interest in the program? How much money is still left with the SGOs? We do not have reliable answers. These unknowns are separate and apart from all the other issues with the program, such as the lack of meaningful student outcome data, discrimination tactics and the myriad of other problems we have seen in similar programs throughout the country.

Our state is not short of legitimate needs, housing being one of them. Emergency COVID-19 Relief Program funds should not be spent on private school vouchers, especially through a program that so blatantly lacks the basic guardrails of accountability and transparency.

LISA MARATARUSSO:

I am here speaking for myself and the five children and grandchildren I have in this community. My five children were all different types of learners, educated at both public and private institutions in Las Vegas. One of the glaring things that we have to look at in the CCSD is not only is it failing our children, but there is no real competition within the CCSD system. It is the largest school district in the state, with one single school board. There is no competition. I have been a big proponent of breaking up the school district into different components where you would have some competition. We all know that competition breeds excellence. When you compete for services, when you compete for clients, you get better. By denying this competition to exist, you are preventing children from becoming better educated. Parents should have choices; students should have choices.

I would like to compare what I am talking about to the very elections you participate in to for your legislative seat. You participate in an election, where it is very competitive. You put yourself out there with your opponents. You are transparent, you send mailers. You are trying to convince the buyers, the voters that you are the best choice, and you do that in a competitive environment. I have to think because you are sitting here as elected leaders, that you benefitted from this very competitive environment. And that is what we are asking you to do with the Nevada Educational Choice Scholarship Program: to provide parents with a choice. The same way businesses make a choice to give a pre-tax donation to the Nevada Educational Choice Scholarship Program fund is like the same way they decide to donate to you, to your campaign. They make a choice -- you are their choice. Then you use that money to compete.

DEBORAH GUIDRY:

I am a lifelong resident of Las Vegas, a product of public schools, and a first-time generation college graduate of UNLV. I am also an education advocate and a former elementary school teacher, so I submit to you how crucial every academic year is to the development and preparation of our students to be college and career ready. I have had the privilege of raising our children and grandchildren in the CCSD and understand the challenges of finding better educational opportunities when you live in an older neighborhood with only one- and two-star schools. People do not want to sell homes they have been in for 25 years (and many families cannot afford to do that) to move to a better (more expensive) neighborhood with a better-performing school.

Open enrollment seats no longer exist. The CCSD school choice application process has a limited number of seats and the window to apply closed in January. In addition, charter schools do not have additional seats for these students. I have checked. Many of them are for returning students and additional family members, or for teachers' children. In addition, private schools have received twice as many applications as the number of available seats and are mostly cost-prohibitive for these families who are living at or below the poverty level.

With the pandemic, students are at least a year to a year-and-a-half behind, as you already know. We have one of the highest food insecurity populations, one of the highest homeless populations, and we need to look at how we can break these cycles of poverty. I respectfully ask for your support to help break this cycle of generational poverty. Provide these Nevada Educational Choice Scholarship Program students with educational opportunities. Do not let them miss out on their next school year. I ask for your support on Item F today.

ALEXANDER MARKS (Nevada State Education Association) provided public comment for the record ([Exhibit M-24](#)).

JULIE HEREFORD (Co-founder, Nevada Citizen Action Network):

I am here to urge you to vote yes on Item F on today's IFC agenda. In addition to all the excellent testimony pouring in, I have only one short question: what makes the Culinary Union Academy of Las Vegas more important than the 600 children from low-income families that are currently utilizing Opportunity Scholarships? Most of you probably voted to give \$25 million to the Culinary Union but may not choose to vote for the \$3.2 million to keep the 600 kids from being denied the opportunity to stay in the school that they choose to attend.

The argument of taking funding from the public schools is an incorrect one. The Governor's team worked hard to find solutions for these kids and to use the COVID-19 Relief Program Funds that the Governor proposes would not be competing with any other educational spending. So, for the sake of not punishing these 600 kids because their families cannot afford to send them to better schools, please vote yes to Item F to give our young Nevadans the equal opportunity they deserve.

JILL DOUGLAS (President, Battle Born Republican Women):

I am the mother of four sons who were educated in the CCSD, and I am a grandmother of eight. I support Item F to fund the Nevada Educational Choice Scholarship Program. This issue is not a political one; it is a humanity one. This issue is one of allowing children to continue in the schools they have been attending. This issue is one of opportunity for our minority and low-income students. I ask you to vote in favor of our children. Children are our greatest assets. They are our future. They deserve every opportunity we can provide for them. Better education means better-educated citizens. It means a lower crime rate with improved employment opportunities that improve our economy. I ask you, for government should not be standing in the way, to please support our children, to support our future and vote yes.

VALERIA GURR (Nevada School Choice Coalition) provided public comment for the record ([Exhibit M-25](#)).

RABBI SHEA HARLIG (Director, Chabad of Southern Nevada and Desert Torah Academy): I am here in support of Item F on today's agenda. We have dozens of children in our school who are recipients of Opportunity Scholarships and are waiting to hear how the Interim Finance Committee is going to vote, to make sure they can continue in our school. The Opportunity Scholarship schools are not an insult to public schools. Public schools work for many, but they do not work for all and therefore, as our government, I am sure you are concerned about all its citizens in this great state. I have been living here for 32 years. It is a wonderful place, and we hope to get your support.

I just want to continue to clear up a couple of misconceptions. These Opportunity Scholarships do not go to rich kids. I have seen some of the arguments in the newspaper state that they do. They go to poor kids, many of whose family incomes are 100% and 200% of the poverty level. The program also does not take any money away from the public schools. I heard today that if it passes, the money will come from a small percentage of the COVID-19 Relief Program funds.

I understand from people I have heard today that there is a little misunderstanding in our Legislature that kids are going to lose scholarship money. Even in the previous session, which was with a Democratic Governor, Governor Sisolak supported giving those additional funds to ensure whoever had received the scholarships would continue to get it.

Just one more point: I know the Legislature does not want to expand the program. The only request we have is that the siblings of renewing students who are already in the program be accepted into the Nevada Educational Choice Scholarship Program, so parents will not have to run around to different schools. So, once again, I hope you support the program - I think it is a wonderful one for the State of Nevada.

ANNA BINDER:

I am here individually, and most know I am a worrier for public education. I stand with what Educate Nevada Now, as well as the Nevada State Education Association have said to you today. Governor Sisolak made no prior allocations of funding to the Nevada Educational Choice Scholarship Program, therefore under the federal guidance, I do not believe we can make any further allocations. With that said, and I have been listening all morning, something that I think needs to be said out loud to those who have spoken, and I have heard every voice, education is what your child makes of it. As parents, we are here to love them, guide them, and help provide everything we can for them. But, when our students walk onto any campus at any school, anywhere in the world, they have to know that they have to invest in themselves to get the optimal outcome. None of us can do that for them. I encourage everyone to continue loving your kids and to be there for them.

MICHELLE HALL (Wake Up Washoe County):

I am in Precinct 6103 in Washoe County. As founder of Wake Up Washoe County, I have directed our volunteers in past months to lobby the Legislature through email, phone calls, zoom calls, in-person visits to Carson City for issues like this one. My question to every Democrat and Republican present today is why would you choose not to support the children receiving Opportunity Scholarships? We have just heard over and over again in the two hours of testimony that these funds have nothing to do with the current budget allocated to the school districts. To the gentleman from the Nevada State Education Association, that entire line of argument was faulty.

I have lived in Nevada since 2008. When I got here, the educational standing of Nevada among all 50 states was 50th. So, in all the years of increased funding, it has not made one drop of a puddle of difference for the students of Washoe County. By the way, \$3.0 million is a drop in the bucket compared to what our district spends. We spend that amount in a month. Washoe County has a budget allocation of \$1.4 billion. The \$3.0 million is 2.1% of that, and it does not even come from the state budget. So, it is not like we are hurting to spend this printed money from the Federal Reserve's printer. In conclusion, I would really love to see school choice blowup huge in the State of Nevada. Much more expansion needs to happen in terms of a universal voucher allowing more funds to be allocated for home school. But certainly, we cannot take funds that were previously allocated to students receiving Opportunity Scholarships. Doing that would make no sense. In terms of getting better income from the dollars we already pay, we need to get rid of critical race theory in schools.

ROSIE AROYAN:

Please approve funding resources for private school. My child has attended both public and private school and the difference in education is huge. In my experience, the public school system fails in several moral ways. I do not believe our children should be taught critical race theory. I also do not approve of my child being exposed to many political and social views that I am personally against. Education should be strictly academic and not indoctrinating. When my child attended public school, she was forced to practice yoga, and participate in other activities that are against my religion. Without

Opportunity Scholarships, my family would be put in the very difficult situation of having to decide whether to homeschool because I refuse to put my child back in public school. It is crucial to use these COVID-19 Relief Program funds. Due to the COVID-19 pandemic, our income has been significantly impacted. Please approve these funds, so my child and many other children are afforded the private education and continuing education that they deserve to excel in life.

THERESA DE GRASSI:

I am in support of funding Opportunity Scholarships. I was self-funded. I had to put myself through school because I was severely mistreated and bullied in the lower schools and was afraid to go to the high school I was zoned for. At first, my parents, who had a lower-middle class income were paying for it, but when my brother went into the hospital for an extended stay, they could not afford it anymore. Between the school giving me a scholarship and me paying for the balance of my schooling, I made my own opportunity scholarship. But I was not able to study as hard as I should have because I was working almost full-time to keep myself in school. I believe children need to have the opportunity to go to schools other than the public schools. We need to keep those scholarship opportunities open for the children to be able to go to school.

WILL RUCKER:

As a community member who deeply cherishes the gift of education, I speak in opposition to Item F. My parents made significant sacrifices to send me to a private school, and I am forever grateful for the opportunity. I firmly believe in the importance of school choice and the value of private education. But I also believe with all my heart that we must prioritize the needs of the majority for the collective good. I ask you to consider the greater needs of our community and ensure the well-being of our citizens. While I support the idea of choice, I cannot support the direction of COVID-19 Relief Program funds amidst recovery toward a more privileged sector.

The myth that competition in education benefits our children is not supported by data. In fact, the opposite is true. It is the collaborative efforts that elevate us - unity is our strength. Every child, regardless of background deserves a quality education. By directing these funds to public education, we can ensure that a larger number of children benefit. In conclusion, while I value and respect the diversity of educational avenues, it is our collective responsibility to ensure that public funds primarily fortify public education. I hope you consider that perspective as you deliberate over your decision on Item F.

LAURA CAMPBELL (Nevada NOW):

I am also a CCSD public school graduate and a mother to a CCSD student who started kindergarten on Monday. I oppose Item F. The COVID-19 Relief Program funding should stay in public schools. Private schools can easily get the \$3.0 million in funding they are looking for from wealthy donors or alumni. This COVID-19 Relief Program funding could easily go to paying for pre-K classes in the CCSD public schools, which would help all the public-school kids in Nevada, not just the few privileged ones looking for a private school education. Also, that money could easily go toward funding school lunches for a time. In my opinion, a meal for every child in the CCSD is a little more important. I have paid over

\$20,000 per year for my son to attend pre-K schooling. I am lucky to afford that, but I know not everyone is. Please oppose Item F.

MARY ROONEY (Co-founder, Nevadans CAN Citizen Action Network):

Members of the IFC, I am here to urge you to vote yes on Item F on today's agenda. By not voting yes on Item F, you are taking scholarships away from children who have them now. Think of how you would feel if your child was accepted to a prestigious university and then the acceptance was rescinded, through no fault of yours or your child's. The most effective assurance of a successful and prosperous life is a quality education. Opportunity Scholarships give parents and children choices to choose an education that best addresses their children's needs.

By voting yes, you are expanding the concept and exercise of choice, which is one of our country's fundamental values. Though our Bill of Rights describes our freedoms, it protects our freedom to make choices - what we say, who we meet, how we worship. The benefits of choice at times proclaims, extols, and is celebrated for allowing us choice in everything, everything except public school education. People who fight tirelessly to preserve a woman's right to choose do not extend the privilege of choice to where she can send her children to school. The designated public school is the only option. Please make the right choice on Item F - choose yes, choose choice.

DORA MARTINEZ (Nevada Disability Peer Action Coalition):

I would like to echo Mr. Rucker's testimony and encourage you to vote no on Item F. As a blind mom who has her kids in a private charter school, it has been difficult to get the accommodation I have needed so I could make sure my kids do the right thing and do their homework. It was also hard to get transportation. So, please think twice and look at the other more pressing problems we have in Nevada and put this money toward those.

SHANE:

I am a third generation Las Vegas native. Both my parents, myself and now my daughter have all gone to CCSD public schools. I am firmly not in support of using the funds to support private schools. The private schools do not have any accountability when it comes to who they are letting go and who they are not supporting. There are many stories of private schools letting kids fall behind and just cutting them loose. There is nothing protecting the kids, who are going to be the most underserved by our education system now, from being the most underserved in the private schools, as well. The money would be better used by supporting our public schools with already existing resources and finding ways to help those underserved students and improving the systems that we already have in place.

MR. UHLING:

The people who have spoken today have either been very much in favor of Item F or very much against it. I am sitting on the fence, really. The reason this money even exists is because of the Bretton Woods (New Hampshire) Conference, held toward the end of WW II. The participants representing their countries in this meeting assigned the United States the ability to create money for the world. This meant the United States

could write something representing \$5.0 billion or \$5.0 trillion, as the administration has done in the last couple of years, forcing the rest of the world to contribute to the well-being of the American people by subsidizing us. The dilemma is knowing that under this political establishment, this system inevitably leads to bankruptcy. There is no question we are going to go bankrupt. This could happen as early as next week when the BRICS (Brazil, Russia, India, China, and South Africa) countries get together and form their own currency that replaces the United States dollar as the basis for worldwide currency. It will be based on gold rather than on debt. Our currency is based on \$31.0 trillion in debt.

So, here is my dilemma: do we want to accelerate this process toward bankruptcy by believing all these falsehoods that have been expressed today about how competent our public schools are and accelerate toward bankruptcy, or do we make a commonsense decision that looks at who produces better students - the charter schools, or the CCSD?

C. APPROVAL OF MINUTES OF THE OCTOBER 20, 2022, MEETING.

Refer to motion for approval under Agenda Item D.

D. APPROVAL OF MINUTES OF THE DECEMBER 15, 2022, MEETING.

SENATOR DONDERO LOOP MOVED TO APPROVE THE MINUTES OF THE OCTOBER 20, 2022, AND DECEMBER 15, 2022, MEETINGS.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

E. WORK PROGRAM REVISION IN ACCORDANCE WITH NRS 353.220(5)(a) - INFORMATIONAL ONLY - APPROVED BY THE GOVERNOR BECAUSE OF AN EMERGENCY AS DEFINED IN NRS 353.263 OR FOR THE PROTECTION OF LIFE OR PROPERTY - DEPARTMENT OF HEALTH AND HUMAN SERVICES - Division of Child and Family Services - Nevada Youth Training Center - Transfer of \$40,075 from the Personnel category to the Maintenance of Buildings and Grounds category to fund emergency repairs on the well at the Nevada Youth Training Center.

MELANIE YOUNG (Deputy Administrator, DCFS, DHHS):

The agenda item before the Committee is to repair a well at the Nevada Youth Training Center in Elko. The agency performed a quick fix to the well by digging deeper to patch the pipe. This request for \$40,075 would be used for a temporary fix.

SENATOR DONDERO LOOP:

Why was the well not repaired in a permanent manner?

Ms. YOUNG:

The agency is working with the State Public Works Division to permanently repair the well. This has been submitted as a request through the Capital Improvement Program process. The agency is working on a temporary fix to keep the well maintained until the permanent repair is approved.

CHAIR MONROE-MORENO:

Thank you for the update. The Committee looks forward to hearing how the well will be repaired permanently.

There was no further discussion on this item.

F. APPROVAL OF WORK PROGRAM REVISION SUBMITTED IN ACCORDANCE WITH NRS 353.220(5)(b) - REQUIRES EXPEDITIOUS ACTION WITHIN 15 DAYS - Department of Education - Account for Alternative Schools - FY 2024 - Addition of \$3,235,000 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to fund the Nevada Educational Choice Scholarship Program for the 2023-2024 school year. Work Program #24FRF26721. RECEIVED 7-28-23.

CHAIR MONROE-MORENO:

Agenda Item F will be the last item heard by the Committee today.

BEN KIECKHEFER (Chief of Staff, Office of the Governor):

Governor Lombardo made his education agenda very clear when he took office, with the agenda being focused on the fact that excellent public schools and school choice are not mutually exclusive ideas and that both can occur simultaneously. The Governor and Legislature worked together to inject record amounts of new funding into traditional kindergarten through 12th grade (K-12) education during the 2023 Legislative Session. The Governor also agreed on new levels of accountability based on student outcomes, and he bolstered school choice in public charter schools. Nothing before the Committee today changes any of those successes.

While tremendous progress has been made that we hope will translate into greater results for our students, hundreds of students have been left behind by the failure to adequately fund the Opportunity Scholarships. Due to a drop in funding since last year, hundreds of students are on the verge of being forced out of their schools and into an environment they do not want to attend. We are here today to ask the Committee to stop this from happening. Before the Committee is a work program designed exclusively to ensure that students who received Opportunity Scholarships during the last academic year are not forced out of their current schools due to the drop in funding. That is the simple intent of this request.

I am sure all the members of the Committee know the funding level for Opportunity Scholarships has been turbulent since the program was created in 2015. Funding included a series of one-shot appropriations to bolster the program over the past few legislative sessions which ended in 2023 when the Legislature declined to provide additional funding for the program, and it reverted to its statutory credit amount of \$6.7 million. This decision resulted in a year-over-year reduction in available tax credits from last year to this year of \$4.7 million that has led to the prospect of these students losing their scholarships and being forced out of their current schools. There are six scholarship grant organizations (SGOs) in total that participate in this program and support students and families. However, this work program is requesting funding for only three of the SGOs that are not able to maintain scholarships for the students that they had funded in the previous academic year due to a lack of cash on hand.

Governor Lombardo championed Opportunity Scholarships during his campaign; however, we are well past the point of public policy debate over school choice and Opportunity Scholarships. More than 60,000 students are enrolled in charter schools. This year, thousands of families would take advantage of Opportunity Scholarships if made available to them, and thousands of students are already making choices through traditional public options. Parents and families have made up their minds about the value of school choice, and they like the option. I am not going to try to convince the Committee to be fond of Opportunity Scholarships as that is not my job here today. I am here to ask that the Committee allow families and students to continue attending the schools they have already chosen based on the state support they have already received instead of forcing these students into schools they do not want to attend. These students are not numbers on a spreadsheet or letters in a bill, they are your and the Governor's constituents, and they are here asking for your help. We would appreciate your support of this work program.

AMY STEPHENSON (Director, Governor's Finance Office [GFO], Office of the Governor): Through this work program, the Nevada Department of Education (NDE) is requesting \$3,235,000 in ARPA Coronavirus State Fiscal Recovery Funds (CSFRFs) to provide funding for the Nevada Educational Choice Scholarship Program to continue to provide scholarships during the 2023-24 school year. This funding is an allowable use of the CSFRFs under the U.S. Treasury's (Treasury) Final Rule, specifically sections 602(c)(1)(c), 602(c)(3), and 603(c)(1)(c) of the Social Security Act. Allocations will be reported to the federal government under the revenue loss expenditure category.

CHAIR MONROE-MORENO:

There was a lot of discussion regarding the Opportunity Scholarships leading up to today's meeting, much of which was only half truthful. I would like more information on where each one of the six SGOs currently stand. Vice Chair Dondero Loop and I, along with leadership from both houses, sent out a letter to all six of the SGOs requesting information so that we as Legislators can make an educated and fiscally responsible decision for the state with these funds.

SENATOR CANNIZZARO:

The CSFRF allocations will be reported under the revenue loss category to the federal government. Is that correct?

Ms. STEPHENSON:

That is correct.

SENATOR CANNIZZARO:

Has the GFO had any conversations with the Treasury or the federal government to verify that this is an allowable use of the funds and an allowable category under which expenditures can be reported?

Ms. STEPHENSON:

I have not had specific conversations with the Treasury, but I have collaborated with other budget officers from other states that are using the CSFRFs for similar purposes and they have verified that it is a legal and allowable use of the funds.

SENATOR CANNIZZARO:

No one from the federal government has indicated that this would be an allowable use of the funds and that this request would fall within the parameters as specified under the Treasury rules. Is that correct?

Ms. STEPHENSON:

That is correct.

SENATOR CANNIZZARO:

Fiscal staff's presentation on Agenda Item G.1, the ARPA CSFRF Statement, indicated that this request exceeds the remaining unobligated authority under the \$100.0 million set aside for state agencies within the COVID-19 Relief Programs budget. Since the GFO is asking the Committee to appropriate funds beyond the \$100.0 million currently available, what is the plan to ensure that the full amount of this request is covered?

Ms. STEPHENSON:

As indicated by Fiscal staff, savings from the \$100.0 million were recognized when the GFO closed the COVID-19 Relief Programs budget for FY 2023. The GFO just received formal de-obligation forms to send to Fiscal staff showing how the deficit will be covered. The GFO is also expecting a return of an allocation from the Office of the Military during the budget closing process.

SENATOR CANNIZZARO:

That spurs additional questions, as the Committee approved certain activities through work programs for the Office of the Military during today's meeting; however, I understand these work programs may not fall under the same uses. During his presentation, Chief of Staff Kieckhefer said multiple times that the funding being requested would be used exclusively to ensure children receiving scholarships could stay on those scholarships and not be forced out of their schools. It was also stated the three SGOs behind this

request are not able to maintain ongoing scholarships and that the request is based upon allowing students to continue attending schools using state support that they have already received. Is that correct?

MR. KIECKHEFER:

That is the intent with which the work program was prepared. As the work program was prepared, the GFO reached out to the individual SGOs and asked them specifically how much funding they would need to keep their current students on scholarships. The dollar values that were received back and submitted as part of the work program are consistent with the responses provided by the SGOs to the question that was posed by the GFO when preparing this work program. In comparison, the responses that each of the SGOs have provided to the Committee based on the specific questions that were asked by the Chair and Vice Chair provide some variance in the dollar values. I have talked to a couple of those SGOs today, and there are certain reasons why the numbers vary. The intent of this submission is to ensure that students who were on scholarships last year do not lose their scholarships going into the next academic year.

SENATOR CANNIZZARO:

I appreciate that you want to put forward a work program that keeps students on scholarships, and I do not think you will find a member of this Committee who is trying to kick a student out of school. There are many members of the Committee who are parents, grandparents, aunts, uncles, members of the community and products of the public school system in its varying forms here in Nevada. However, you have now alluded to the fact that this work program as detailed does not simply provide funding for students to stay on scholarships; it expands those programs to include additional students. Is that a fair statement of the information that was received from the multiple SGOs?

MR. KIECKHEFER:

The request is based on responses received from three SGOs, but representatives from each SGO would need to speak specifically to the numbers they have reported because based on the sequencing of events from all the grants being awarded to a single organization, the full number of students on a scholarship from last year that are being carried forward into next year are not necessarily being represented. It appears that at least one of the requests indicates that the SGO would like to add some siblings of renewing students (students that are already enrolled), which would increase the request by approximately 25 students. The Injured Police Officer's Fund has some significant divergence in its numbers and is ready to answer any questions the Committee may have. However, the current request is in no way designed to be a significant expansion of the program, which is evidenced by the fact that the dollar figure in the request is lower than the total amount that was reduced from last year to this year.

SENATOR CANNIZZARO:

The answer to my question then is yes, that this work program does include additional scholarships to expand the program. I understand that the individual SGOs have reasons for why they are asking for that additional capacity. However, this work program does not meet the intent that you have now said on the record several times today, which is to

maintain students on current scholarships so that no one gets kicked out of their schools. This request would in fact amount to at least 217 more students being awarded scholarships than in the past year. Additionally, across the SGOs, there is approximately \$18 million in reserve funding that is unaccounted for and that was taken in because of this program. I know this amount is different among the individual SGOs. However, the information that the Committee has received from the SGOs seems to be different than the original information that was submitted to the GFO. It appears that there is still \$6.7 million in tax credits this fiscal year that can be obtained by the SGOs.

MR. KIECKHEFER:

By law and regulations, the SGOs are allowed to and have been encouraged by the Legislature over the years to balance forward cash and not allocate 100% of the tax credits they receive in any individual year to try and smooth out any variance that occurs in their ability to receive donations and tax credits. The SGOs have different strategies for how they deploy the capital when they receive it. Some of the SGOs have been much more conservative and have put fewer dollars directly into students on a year-by-year basis so that they can be assured they are able to fund those students in the out-years. Other SGOs have prioritized supporting students immediately when they receive the funding. However, it is inaccurate to suggest that the balance forward amounts from the SGOs is unaccounted for. The balance forward amounts are accounted for and are used to support students on an ongoing basis. This is why two of the SGOs have significant balances that are not requested to be supported through this work program.

SENATOR CANNIZZARO:

You bring up an excellent point in that with proper budgeting, there is money that will go to students on an ongoing basis. However, in one respect, the Committee is being asked to approve additional dollars for additional scholarships, which is not the intent of this work program, but appears to be in the actual logistics and details. By saying that the money that was taken as part of the tax credits that were allocated should not be utilized to fund additional students because that money should be used for ongoing and continual support of current students leads to more questions. Somehow the GFO has received inaccurate information from the SGOs, and the Committee has received different information. Even if the intent of the work program is to provide ongoing scholarships so that students do not get kicked out of schools, that is not what is actually being discussed today. In fact, additional scholarships are being discussed.

MR. KIECKHEFER:

The information submitted by Silver State Scholarships indicates that if they do not receive additional funding, 350 students will get kicked out of their schools, plain and simple. It should not be considered a tragedy if the siblings of certain students get to go to the same school as them. If there are some minor add-ons to the number of students that are included in this program, then the GFO is perfectly happy with that. If the Committee wants to restrict families by saying that their children must go to different schools, that is its prerogative.

SENATOR CANNIZZARO:

The Committee recognizes that the needs of certain students must be addressed, but there is a lot of money that is available as a result of Opportunity Scholarships that should be used for those students. However, your testimony today states that this funding will be used exclusively to ensure that those students who are receiving their scholarships stay on them, which is frankly just not the information that the Committee has received. I do not know if the GFO did not get all the requisite information. If the GFO submitted a work program with good intentions, this request does not meet those intentions and does not meet what your testimony today has been. Perhaps the Committee received different information from what the SGOs gave the GFO, which might be another problem in terms of where all this information is coming from. I am not trying to suggest that this discussion only pertains to expanding the number of students on scholarships, but when the testimony that comes before the IFC is that this is a work program that is exclusively designed to ensure those receiving the scholarships stay on them, that is not the information that the Committee has received.

MR. KIECKHEFER:

That was exclusively the design of the request. Having a carry forward amount from some of the SGOs meant that 100% of the capital could be deployed in the current academic year and that the number of scholarships could be greatly expanded. However, it is then a balancing act to not kick everyone off their scholarships next year.

CHAIR MONROE-MORENO:

I agree that this is a balancing act. Additionally, because each of the six SGOs received a letter from the Committee, I will be requesting that each SGO come up to explain its request.

ASSEMBLYWOMAN ANDERSON:

Regarding the history of the Opportunity Scholarships, I am wondering about the fundraising efforts the SGOs have undertaken to supplement the donations received from donors who then receive tax credits. Is the Opportunity Scholarship program 100% funded by the state?

MR. KIECKHEFER:

Each of the individual SGOs can respond to the question, but the Opportunity Scholarship program was designed as a tax credit scholarship program. As in every bill that is passed, the program's language states that grants, gifts, and donations can be sought, but that was not the intent for how the scholarships were going to be funded. The Opportunity Scholarships were designed to be funded through tax credits, and I would encourage the SGOs to continue that focus.

ASSEMBLYWOMAN ANDERSON:

So, in other words, the standard bill language was never an emphasis from the GFO's point of view and is something that should not be emphasized. Is that correct?

MR. KIECKHEFER:

The focus of the program is on tax credits, which has been the historical reference point by which scholarships are granted. Any supplemental support that gets brought in would be at the discretion of each individual SGO.

ASSEMBLYWOMAN ANDERSON:

We will disagree on that. When the SGOs were created, there seemed to always be one-time funding that was provided, such as in FYs 2018, 2020, 2021, and 2022. This funding was always meant to ensure that a significant number of students did not lose their scholarships. What steps did the SGOs take to ensure that the one-time funding would not become depleted? Three of the SGOs appear to have planned accordingly, while the others did not.

MR. KIECKHEFER:

By its nature, one-time funding becomes depleted. Even when looking at the SGOs that can carry forward their balances, eventually those balances will become depleted; it is just a question of when and how quickly. There was a choice that each SGO had to make as to whether they were going to try to help the most children possible as quickly as possible, or if they were going to try and smooth the process out. Perhaps some SGOs were relying on the Legislature to continue providing one-time funding to help students.

CHAIR MONROE-MONROE:

One-time funding is not meant to be built into future budgets. If they knew more children were going to be provided with scholarships beyond the dollar amount that the Legislature approved, what did the SGOs who decided to not smooth out funding do to help supplement the one-time funds? Did the SGOs try to get more businesses to make donations in exchange for tax credits? I understand the SGOs wanted to add more students, but why were they not better stewards of the one-time funding? If the SGOs wanted to add more students, then the organizations had to know that at some point those students were going to be dropped off if the SGOs did not have the funding to support the scholarships that they awarded.

MR. KIECKHEFER:

To suggest that the SGOs were not good stewards of the approved one-time funding is not right. For example, one of the SGOs here today is asking for \$290,000, and it had been promised tax credits to go to the Department of Taxation and be able to support those students. However, due to the reduction in funding for the program from last year to this year, there were no available tax credits left because the credits had already been utilized by another SGO. So, when the entirety of the reduced level of tax credits was awarded, it left certain SGOs without the ability to access the tax credits. This is not bad planning or irresponsibility on the part of the SGOs, as the SGOs had a plan to fund scholarships for the students that were already on scholarships. Due to the sequence of events, the reduction in funding, and where the SGOs were in line to receive the tax credits, things did not work out. This is the problem that the GFO is trying to fix today.

CHAIR MONROE-MORENO:

The reduction in funding was not an action taken by the Legislature. Instead, all the tax credits were taken by one of the SGOs, therefore not leaving any tax credits for any of the other SGOs that had to give out scholarships. Is that correct?

MR. KIECKHEFER:

That is correct. The approximate \$6.7 million in tax credits were captured by a single SGO. That SGO is not asking for any additional funding as it has balanced forward its funding and has a long-term strategy to fund the students it has on scholarships. The other SGOs were unable to capture tax credits based on being placed later in the queue at the Department of Taxation and a reduced level of funding. That combination of factors is the reason that some SGOs now have students who have applied to continue their scholarships for which no funding is available to finance.

CHAIR MONROE-MORENO:

I understand, and I would hope that the SGO that took all the tax credits would not be coming and asking for more money since it already took money from the other SGOs. Can students apply for a scholarship from multiple SGOs? There is nothing that says a student must stay with the SGO that they started their scholarship with. Is that correct?

MR. KIECKHEFER:

Yes, that is correct. Students have historically been funded by multiple SGOs while remaining under the statutory limit. There is certainly the ability for students to apply for a scholarship through the SGO that captured all the tax credits, but that SGO applied for tax credits to fund its current students and to maintain a pathway for all its students to stay in the schools that they chose long-term. I cannot say whether those funds would be available for additional students to apply for, but the scholarships would certainly be offered at a significantly reduced level.

SENATOR NEAL:

Students can apply for scholarships from multiple SGOs and do not have to depend on just one, is that correct? I looked at the one-time credits that were given so that I could get an idea of how many were issued, awarded, and were left remaining. The remaining tax credits can still be exchanged for donations, which is then turned into cash for students. The Legislature approved additional one-time annual tax credits of \$20 million in FY 2018 through Senate Bill (S.B.) 555 (2017 Legislative Session). Of this amount, \$20 million was issued and roughly \$19,461,000 was taken, with a remaining amount of \$538,772.32. The tax credits that are remaining expire on December 31, 2023, and December 31, 2024. It is my understanding that the tax credit amount that is remaining, which has been awarded but has not yet been used, can still be applied to Modified Business Tax (MBT) returns and used by businesses for up to five years going forward. What are the SGOs doing with the remaining tax credits that do not expire until the end of 2023?

MR. KIECKHEFER:

Is what you are asking based on a spreadsheet that you may have received from the Department of Taxation?

SENATOR NEAL:

That is correct.

MR. KIECKHEFER:

The definitions within that spreadsheet are not necessarily clear to me, and I do not think that the SGOs are specifically sitting on a piece of paper that they have not converted into a tax credit yet. That is not how it works, as the SGO would have received the donation from the business entity that had MBT liability. The credit then would not be with the SGO, as it would be with the business entity who made the donation.

SENATOR NEAL:

I understand that tax credits can be converted into cash for students. However, if there is a remaining amount of tax credits that have been issued, what are the internal conversations with the SGOs' donors, who went and got a certain amount of tax credits that were specifically designated for Opportunity Scholarships? If there is a remaining amount of credits sitting out there to still be converted, what efforts are the SGOs making to turn that last remaining amount of credit into cash for students?

MR. KIECKHEFER:

I cannot speak to the conversations between the SGOs and their donors. As you know, the specificity of donor profiles is confidential under statute. The Committee will need to ask each individual SGO that question.

SENATOR NEAL:

The Committee is trying to gauge the amount of tax credits still available, and what can still be sought from donors who want to engage in the tax credits for the benefit of schools. If there are remaining credits out there, how are those then being leveraged for students? Businesses are essentially requesting cash that may or may not be awarded through a competitive application. Regarding competitive applications, are tax credits awarded on a first come, first serve basis by a certain date? I want to understand why there are several years where there is an amount of funding remaining that has not been converted into a tax credit. This is not just regarding the \$20 million awarded in FY 2018, as this also took place in FY 2022 and FY 2023. These are relevant questions to break down, as the answers will provide an understanding regarding what is available for a donor to convert to cash for students. Are there other funds available to be used for students that are currently in existence based on the allocation that the state has already decided upon within the statutory cap? I want to know if the SGOs are working with donors to convert remaining tax credits. It is not like businesses are making their donations elsewhere, and it is important to understand what is happening with the remaining credits that are sitting on the books, as there are multiple years that have a remaining credit amount left over.

MR. KIECKHEFER:

The tax credits could get issued based on the donation, with businesses then having five years to use the credit to gradually buy down their MBT liability. This does not necessarily provide the SGO with any more money and is a conversion of the credit back onto the state's books.

SENATOR NEAL:

This is true, but I think it is a nuanced point that needs to be discussed and examined to understand what is available and what is not. In the conversations the SGOs are having with donors when looking for donations, I want to understand more about how many tax credits are available and whether the SGOs are really extending the effort to get what is necessary to serve students?

SENATOR DONDERO LOOP:

I am concerned regarding funding in the future. If a combination of existing and new scholarships is utilized, how would one-time funding be moved forward?

MR. KIECKHEFER:

That is a critical point and issue. We are faced with trying to solve the problem that exists today, as the CCSD has already restarted classes and many schools that students receiving Opportunity Scholarships are attending are about to open if they have not already opened. This work program is designed to solve the problem for this school year. I will start thinking about next year upon the adjournment of this Committee meeting. I do not have an answer right now.

SENATOR DONDERO LOOP:

If a student applies with one SGO, why can they not apply with another? Does anyone crosscheck the number of SGOs that a student applies with? How many SGOs can a student apply with?

MR. KIECKHEFER:

The payments are made by the SGOs directly to the schools, and the schools then track and are responsible for ensuring that the cumulative amount of any scholarship granted does not exceed the statutory cap. In the upcoming school year, the statutory cap will be \$9,424. There are some students who stack scholarships because most scholarships do not meet the statutory cap, with scholarship amounts averaging between \$5,000 or \$5,500. If a student is at a higher level of need, they will sometimes seek support from multiple SGOs, and sometimes they are awarded multiple scholarships; this will usually be noted on the annual report that is put out by the NDE. As noted in the footnotes of these annual reports, there have been instances where it has been identified that an individual has been oversubscribed. When a school catches this, it gets reported back down and the scholarships get reduced or canceled.

SENATOR DONDERO LOOP:

Who crosschecks when one student is receiving multiple scholarships? One student receiving multiple scholarships may prevent another student who is below the federal poverty level (FPL) from obtaining a scholarship when they truly need one.

MR. KIECKHEFER:

The regulations and statutes provide the guidelines for the Opportunity Scholarships. During the last school year, 300% of the FPL for a family of four was \$90,000 – a student must be under that threshold to be eligible to apply for the program. Silver State Scholarships requires tax returns and pay stubs to be submitted with applications. The verification process that the SGOs go through significantly ensures that families meet the FPL thresholds.

SENATOR DONDERO LOOP:

Many couples live together but are not married, and they sustain their households together. When someone from these families applies for a scholarship, the information they provide may not account for the person they live with but are not married to. Is there a crosscheck for this? Who is looking at the applications to determine that the neediest families are getting the help they need?

MR. KIECKHEFER:

The Medicaid Fraud Control Unit exists within the Office of the Attorney General for a reason. People always work to game the system, and there are checks and balances that are put in place to protect this from happening in state and federal government programs. Verification requirements are in place throughout the application process. Another way to prevent fraud is to ensure that payments do not go to families and instead go to schools, with the schools then providing reports back to the NDE on the participation of students in the Opportunity Scholarship program. There are several layers that are built into the program to protect against fraud, but I cannot say that fraud never occurs.

SENATOR DONDERO LOOP:

Even if more tax credits are provided, how do you ensure that one group is not going to come in and sweep up all the credits again?

MR. KIECKHEFER:

If the Legislature were to decide that it wanted to expand Opportunity Scholarships and provide more tax credits in 2025, it would be reasonable to restrict the distribution of the credits to ensure that various SGOs can access the credits as they come forward. The work program currently before the Committee does not create any new tax credits, it instead directly provides COVID-19 relief funding as a grant to the SGOs that currently did not receive any tax credit funding in the round that was available in July 2023. As a result, the work program does not recreate existing issues regarding one SGO taking all the available tax credits; that would be something that needs to be dealt with on a more permanent basis.

SENATOR DONDERO LOOP:

The Committee has heard varying amounts today about how hundreds to thousands of students can lose their scholarships if this work program is not approved. Is there a reason why a large number of students could not just go to the SGO that took all the tax credits and apply for a scholarship with that organization?

MR. KIECKHEFER:

The SGO that received the tax credits has plans to use those funds to support the children that are already subscribed with it. To suggest that everyone else would have to shift over to this single SGO is not realistic from a financial perspective, especially when the SGO is attempting to provide long-term stability for the students that it has currently subscribed. I did not mean to state earlier that there are thousands of children that are at risk of losing their scholarships. What I intended to say is that there are thousands of students that would take advantage of this program if it were enhanced and made available to them. These families have already talked to the SGOs, and we know that the demand would be there if the funding was also available.

SENATOR DONDERO LOOP:

It needs to be remembered that if we are really doing what is right for kids, we need to let families apply for the funding that has been made available. Saving money so that hundreds of students can go through four years of high school is different than adding new students to the program moving forward. Some families need to accept that their children may need to go to different schools if it means getting them into the Opportunity Scholarship program. It is common for siblings of varying ages to go to different schools, unless they go to one school that teaches kindergarten through 12th grade.

MR. KIECKHEFER:

I understand, as I thought that all four of my children would be going to the same school this year until my daughter decided she wanted to attend a career and technical education (CTE) academy. My daughter is essentially executing school choice within the Washoe County School District, and my family is happy to transport her to a different school. However, not every family has that flexibility. The reality for a lot of families that capture Opportunity Scholarships is that they are oftentimes zoned for a school that they are not happy with and that they do not want to send their child to; these are not always one-star schools, as it could be a four-star school that a family does not want their child to attend. The best school in Nevada is not right for every child and providing low-income families who cannot afford the opportunity to make certain choices with some flexibility is very valuable. The Governor agrees, and that is what this program is designed to do. The program is not meant to destroy the traditional public school system or overhaul the current choice of families to send their children to magnet schools or CTE schools, or to prevent open zoning and other things that exist within the K-12 system.

SENATOR DONDERO LOOP:

The Senate Committee on Finance never saw a bill pertaining to Opportunity Scholarships during the 2023 Legislative Session.

SENATOR SEEVERS GANSERT:

There was more than one bill this past session dealing with Opportunity Scholarships. I happened to sponsor S.B. 220 (2023 Legislative Session) but was denied a hearing. The Committee has spent a lot of time today discussing reserve funding and why certain SGOs have been holding onto their reserves. Can an SGO hold onto its reserves for up to five years?

MR. KIECKHEFER:

Yes, that is correct.

SENATOR SEEVERS GANSERT:

Senate Bill 551 (2019 Legislative Session) contains language stating that if money is going to be allocated to a student, it must be ensured that the student can finish school all the way through high school with the same amount of money. Section 30.75, subsection 6 of S.B. 551 states that a scholarship organization shall not use a donation for which a taxpayer received a tax credit to provide a grant on behalf of the pupil for the immediately preceding school year unless it reasonably expects to be able to provide a grant pursuant to this section on behalf of the pupil in at least the same amount for each school year until the pupil graduates from high school. A scholarship organization that violates this subsection shall repay to the Department of Taxation the amount of the tax credit received by the taxpayer pursuant to *Nevada Revised Statutes* (NRS) 363A.139 or NRS 363B.119, as applicable.

When not as much funding was being provided for Opportunity Scholarships during the 2019 Legislative Session, I remember this specific language being added to the bill stating that if a student was provided a scholarship, the SGO had to ensure the student could be covered through high school. As a result, I believe this is why certain SGOs have been holding back funds to make sure their students are secure. Is there an ability via statute for SGOs to move money from one organization to another? If this ability does not exist, it sounds like there is not a requirement stating that the Committee can make the SGOs move money from one organization to another. Is that correct?

MR. KIECKHEFER:

The SGOs are nonprofit organizations, and once they receive a private donation from a private company, it is not the prerogative of the Office of the Governor to force a 501(c)(3) organization to transfer money out of its coffers to another entity. I am also not aware of any statutory authority that allows the office to do so.

SENATOR SEEVERS GANSERT:

I also do not believe that statutory authority exists. There was some confusion in earlier discussions regarding students losing their ability to attend a school of their choice and how this would be devastating for families. The CCSD has already restarted classes, but

certain private schools that students receiving Opportunity Scholarships are attending have not reopened yet, so a window of time exists in which the Committee can fix this issue. I want to verify that the intent of this work program is to make sure that no students are kicked out of school and that there are 350 students who are at risk of being kicked out of their school if the Committee does not provide funding.

MR. KIECKHEFER:

One of the SGOs has stated that there are 350 students who are at risk of being kicked out of their school. The other two SGOs that are addressed in this work program would add to this number, and all the numbers provided by the three SGOs would have to be combined to get an accurate count.

SENATOR SEEVERS GANSERT:

There are roughly 350 students already subscribed scholarships that are at risk of being kicked out of their schools. Is that correct?

MR. KIECKHEFER:

At a minimum, there are 350 students who could be kicked out of their schools if the Committee does not approve this funding.

CHAIR MONROE-MORENO:

It is interesting to say that the SGOs are keeping money to make sure that students do not lose their scholarships and that some of the SGOs have carryover balances to prevent this from happening. However, it makes it difficult when one SGO takes all the tax credits, as this puts the other SGOs in a hole.

ASSEMBLYMAN WATTS:

I appreciate the incredible advances that have been made in school choice over the last several years. I benefitted from school choice when I was a student, which included financial aid for private schools and home schooling. I ended up leaving private school because it was not the right fit for me, and I ended up going back to and graduating from a public magnet school. I appreciate that the Committee is recognizing that school choice exists and has continued to grow throughout the state with students being able to move across public schools, charter schools, and private schools, and by using Opportunity Scholarships. While I originally did not support the overall creation of the Opportunity Scholarship program, once it was in place, I agreed with many other people that for those students who the program works for, I did not want to disrupt their educational progress and kick them off their scholarships. I have always believed in school choice and my decisions show that. I believe school choice is something that all the members on this Committee can agree on, even if we may differ on the details of policy.

Chief of Staff Kieckhefer talked about accountability and transparency and those being a big emphasis for Governor Lombardo's administration. I appreciate this item being brought forward because I think it brings attention to many issues surrounding accountability, transparency, and coordination that need to be fixed moving forward,

including in statutes that I was not aware of prior to receiving this information. The statutory requirements being met by the SGOs are missing some things. While the Committee has heard great stories regarding students that the program works for, does data exist regarding improvements in educational outcomes for students that participate in the program?

MR. KIECKHEFER:

There are requirements in *Nevada Administrative Code* (NAC), not NRS, stating that schools are required to implement 11 standardized tests as identified by the NDE, and that the outcomes of the testing data need to be reported back to the NDE for students who receive Opportunity Scholarships for monitoring and quality purposes. I realize that this data has been absent from the annual reports that the NDE puts out, and I understand your concerns regarding transparency.

ASSEMBLYMAN WATTS:

Yes, it would be helpful to have that information integrated into some of the reports that the NDE puts out so that the Committee and the public can understand what is going on with the program. Is there any information regarding how many students were already enrolled in private schools when they took advantage of the program versus students that migrated from non-private schools into private schools using Opportunity Scholarships?

MR. KIECKHEFER:

I do not have that data. Students start enrolling in the program as early as kindergarten, and data would have to be split out by age. However, I do not know if this information is tracked, and the numbers would probably be different than they were in 2015 when the program was created versus now.

ASSEMBLYMAN WATTS:

I understand and appreciate the information. I am trying to decipher the nuances and database details regarding the opportunities being provided through the program. Is there any information regarding tuition charges or total financial aid at the schools and how those amounts have changed throughout the course of the program?

MR. KIECKHEFER:

I do not have that data either. The scholarship benchmark is fixed according to statute and regulation and is outside of the tuition piece of the program.

ASSEMBLYMAN WATTS:

Concerns that I expressed during the 2023 Legislative Session were related to the unknowns surrounding the usage of Opportunity Scholarships. Other states have reported that tuition has risen when certain programs were put forward, and I am concerned that some of the funding is not making it down to the individual student or family and is just providing an increase in revenue for private schools; additional data would show if there were a correlation supporting this. Carryover funds in public schools were also discussed in detail last session, and there was a proposal from the Office of the Governor to limit the carryover of funds to 2.0%. It would be helpful to have some of

the SGOs come up to discuss their carryover levels, as I think some of the SGOs are far over the 2.0% limit and the 20.0% in carryover funds that certain public schools have.

The intention of past legislation to decrease the funding levels available through Opportunity Scholarships was to ensure the program was not being expanded to bring in new students and was meant to provide stability for existing students. There ended up being different interpretations of the legislation among the various SGOs, resulting in different decisions being made. Now there seems to be different decisions being made between the SGOs regarding carryover balances and reserves. Are any standardized accounting practices being employed to determine the turnover rates resulting from students entering schools, exiting schools, and the addition of siblings, and to figure out the core funding versus one-time funding being used to manage reserves over a multiyear period?

MR. KIECKHEFER:

There is probably not a standardized process for accounting being used by all the SGOs. This may have to do with the fact that the SGOs have different criteria by which they grant awards, as they oftentimes grant scholarships at different levels based on income thresholds. It would be helpful for the Committee to ask each individual SGO how it strategizes and projects enrollment from one year to the next.

ASSEMBLYMAN WATTS:

Do any of the SGOs work together when seeking tax credits? It would be ideal to prevent one SGO from getting all the funds that are available at the expense of the other SGOs. Given the different budgeting procedures, if one SGO has a small amount of additional money, can it coordinate with other SGOs to provide additional scholarships to those students to ensure all students and their families are getting their needs met without running out of resources?

MR. KIECKHEFER:

Part of the issue can be related to timing, as the application window for scholarships often occurs in July, which is before organizations can begin applying for tax credits. As such, students can apply for a scholarship that they hope gets renewed by their existing SGO only to find out funding is not available due to a lack of tax credits. There are probably a lot of moving pieces involved in the process that make coordination among the SGOs difficult. This makes sense when considering the SGOs are essentially six private nonprofit organizations with somewhat different missions.

ASSEMBLYWOMAN BACKUS:

Did the Office of the Governor know that the six existing SGOs were giving Opportunity Scholarships to hundreds of students last school year?

MR. KIECKHEFER:

Yes, the activities of the six SGOs have been outlined in the annual reports published by the NDE since the program was created.

ASSEMBLYWOMAN BACKUS:

The NDE is a part of the Executive Branch, but the Department of Taxation is the entity that reviews the requests and approves the SGOs each school year. Is that correct?

MR. KIECKHEFER:

Yes, the tax credits get turned over to the Department of Taxation to be certified.

ASSEMBLYWOMAN BACKUS:

Even though some SGOs are dipping into savings to provide scholarships, I do not want it misrepresented to the public that the reason why the students of the other five SGOs are not receiving renewed scholarships is because the Legislature did not provide the funding. In fact, the Legislature did not decrease the amount of tax credits that could be taken during the 2023 Legislative Session. When legislative leadership and the money committee chairs sent out letters to each of the SGOs regarding the program's progress, one of the SGOs responded and said that it could not renew 442 scholarships because it was denied from receiving any tax credits that it could provide to its donation sources. The SGO further stated that because the tax credits were already allocated, it would only be able to fund about 50 students this year using leftover funds from last year. This appears to be a failure of the Executive Branch, as it is prioritizing one SGO over the other five. Now there are five SGOs that cannot fund scholarships for their students. I do not think this funding shortfall is related to the COVID-19 pandemic, as it seems like it was an intentional choice to give \$6.7 million in tax credits to one SGO, essentially capping the provision of scholarships at 850 students.

MR. KIECKHEFER:

It is an indisputable fact that there is \$4.7 million less in the program this year than last year. It is the Committee's prerogative if it wants to characterize this as the fault of the Executive Branch, but the Legislature did not approve any of the \$50 million that was requested.

ASSEMBLYWOMAN BACKUS:

The \$50 million that was asked for would raise the eligible income thresholds, resulting in the money not going to those most in need. The percentage provided by the Governor's Office would provide scholarships for children in families that make over \$150,000 a year – these families can afford to send their children to school without the help of Opportunity Scholarships.

MR. KIECKHEFER:

It is correct that the Governor was looking to expand the availability of Opportunity Scholarships to households at or below 500% of the FPL. The public knows that the Governor supports Opportunity Scholarships while legislative Democrats do not.

ASSEMBLYWOMAN BACKUS:

It is frustrating that the Department of Taxation chose to give one SGO all the available tax credits when the Governor's Office knew that the other five SGOs also needed funding. The Committee received letters from the SGOs stating the reason they did not

receive funding was because there were no more tax credits available. It is not like the SGOs did not do any fundraising either, as the Injured Police Officer's Fund raised \$445,000 from taxpayers in exchange for tax credits; however, when it went to the Department of Taxation to apply for the tax credits, no more were available.

MR. KIECKHEFER:

Nevada Revised Statutes 363A.139 and 363B.119 state that the applications must be reviewed in order of receipt, and the Department of Taxation followed the law in this regard.

CHAIR MONROE-MORENO:

The process is basically first come, first serve. The legislation being discussed was started in 2015 when Chief of Staff Kieckhefer was still in the Legislature, and he was still there during the 2019 and 2021 Legislative Sessions, meaning that he has been a part of the process leading up to today's discussion. This is not a Democrat versus Republican issue; it is instead about education. This conversation shows that the Opportunity Scholarship program needs to be fixed. Additionally, many of us were there when these discussions began in previous years. However, as Chair of Ways and Means during the 2023 Legislative Session, there was not one conversation on this issue that took place in my office or at the dais, and I did not see any legislation addressing the problem of one SGO taking all the tax credits, resulting in the other five SGOs no longer being able to provide Opportunity Scholarships to their students. The one SGO that took the remaining tax credits already had a balance of \$13,425,691, and the additional tax credits pushed its balance to over \$20 million. That SGO now has more than enough money to keep its students on a scholarship until they graduate and has the ability to assist the other five SGOs in making sure that their students can also maintain their scholarships.

SENATOR TITUS:

I have been on the money committees since 2015, and it should be noted that as a money committee, this Committee should not be delving this far into policy – it should be sticking to the finances behind this issue. If the Committee had been able to hear Senator Seevers Gansert's bill last session, it could have discussed all this policy then, instead of doing so today. Because Director Stephenson from the GFO was part of the prior administration's financial office and has been a part of the CSFRF funding since its inception, I want to know if she reached out to the federal government to ask if this is an appropriate use of the \$100.0 million in CSFRFs. Of the \$100.0 million, \$96.8 million has been allocated, and the GFO is now requesting \$3.2 million more for Opportunity Scholarships. Did the GFO reach out directly to the federal government every time the CSFRFs were allocated, or did it do as it did this time and just reach out to LCB Legal staff to determine if the LCB viewed this as an appropriate use of the funds?

MS. STEPHENSON:

The GFO does not reach out to the federal government regarding every allocation – it only reaches out regarding the allocations it is unsure of. Unfortunately, the federal government is not very responsive, so the GFO also reaches out to other states. Since

the beginning, the GFO has sought legal interpretation to ensure the use of the funding falls under U.S. Treasury rules and meets the guidelines for the CSLFRFs.

CHAIR MONROE-MORENO:

When did you become the Director of the GFO and how long have you been with that office?

MS. STEPHENSON:

I was appointed as GFO Director on July 20, 2022, under previous Governor Steve Sisolak and reappointed in January 2023 under Governor Joe Lombardo. I have been with the GFO for exactly one year.

SENATOR TITUS:

It appears the GFO has taken the appropriate steps to ensure the current request is an allowable use of the funds under U.S. Treasury rules.

ASSEMBLYWOMAN GORELOW:

Everyone wants what is best for Nevada children and their education; however, there is obviously much disagreement regarding how to achieve this. Assembly Bill (A.B.) 400 (2023 Legislative Session) and S.B. 551 (2019 Legislative Session) pertain to how Opportunity Scholarships are processed, and we can all agree the scholarships are meant for low-income families. During the 2023 Legislative Session, discussions about expanding the availability of Opportunity Scholarships to households at or below 500% of the FPL (\$150,000 for a family of four) took place. I would not define being at 500% of the FPL as low income but agree that 300% of the FPL is more reasonable.

Scholarships should be awarded based on academics or other achievements. Are these metrics included in the application process? Do applicants have to pass certain tests to go to their preferred school? I believe that some SGOs require an admissions test. It is also my understanding that S.B. 551 (2019 Legislative Session) required that grant funding be set aside to follow a scholarship recipient until they graduated from high school. Based on this, and even though one SGO took most of the available tax credits this go-around, did the other SGOs not plan ahead so the funding they already had could follow their students through graduation? Because the tax credits are awarded on a first come, first serve basis, is it not a given that the SGO that applies first will receive all the available credits? Where is this money going?

MR. KIECKHEFER:

The 300% percent of the FPL threshold (\$90,000 annually for a family of four) is what was put into statute when the Opportunity Scholarship program was originally created in 2015, and the program is still at that level. Through A.B. 400 that was presented to the money committees during the 2023 Legislative Session, the Governor was proposing to expand the program's eligibility threshold to 500% of the FPL to grow the program and be able to include more middle-class families. However, the current request before the Committee is still focused on the threshold of 300% of the FPL and below that is based on household income. The current program should be thought of as providing

needs-based financial aid rather than providing scholarships based on grades and merit. The exclusive selection criteria are based on income level and not academic performance. Priorities are outlined within statute and regulations regarding who is eligible for scholarships, with those students who have already received a scholarship being first in line, followed by their siblings. The program can then be expanded to new families, but the students already on scholarships would be the first to receive scholarships in the subsequent year.

ASSEMBLYWOMAN GORELOW:

The SGOs are saying that some students are going to be kicked out of their schools because not enough funding is available to renew their scholarships. Why was the funding not placed in reserves? If an SGO knew that a student was going to renew their scholarship every year, and based on statute and regulation it knew that it was supposed to hold on to the money and plan accordingly, I do not understand why funding was not placed into reserves.

MR. KIECKHEFER:

I would have to go back and review the legislative history of the statutes. The interpretation may have been that long-term planning was only necessary if an SGO was drawing from the one-time tax credits of \$20 million made available through S.B. 555 (2017 Legislative Session) and not from the other credits that were available based on the statute that was created in 2015.

ASSEMBLYWOMAN GORELOW:

Did the SGOs set aside any of the funding into reserves?

MR. KIECKHEFER:

The GFO is currently requesting funding for three of the six SGOs that do not have adequate reserves to fund their current scholarship recipients. The Committee would need to ask each of the SGOs about their planning strategy and priorities for deploying the tax credits once they are received.

SENATOR NGUYEN:

During this morning's public comment period, the Committee heard countless times that it cannot just throw money at schools without accountability or transparency. The Opportunity Scholarship program is statutorily constructed in such a way that it has a complete lack of transparency and accountability. The program is inconsistent, and it does not measure any kind of metrics. It also seems like the current funding shortfalls could have been predicted. I am proud that the Committee is attempting to bring transparency to the program, just as I am proud to have voted for legislation sponsored by the Senate Majority Leader and Speaker of the Assembly aimed at increasing transparency within Nevada's public schools.

Additionally, the SGOs have provided very little information to the Committee. It appears that some of the SGOs planned and held onto their funding so they could continue to fund existing students before adding new students. However, certain SGOs are attempting to add new students before ensuring that existing students can be covered. Having a first come, first serve application process also presents issues, but it appears that students can go to more than one SGO to apply for a scholarship. It is hard not to look at the data and think that this is a manufactured crisis that was created to expand the Opportunity Scholarship program. Furthermore, the GFO is trying to expand the program using ARPA funds that may not even be allowed to be used in this manner per U.S. Treasury guidelines. The GFO stated that in the past it has reached out to Nevada's federal delegation to inquire about the questionable use of certain funding, but it does not appear that is currently being done in this situation. I realize the GFO cannot ask these questions every single time it allocates ARPA funding, but this seems like a questionable use of a large amount of ARPA funding under the criteria. Is there a plan to determine if this is an allowable use of the funds?

MR. KIECKHEFER:

From a federal compliance perspective, the GFO is fully comfortable that this request is compliant. Additionally, if the Legislature was going to provide \$25 million in ARPA funds to solve a 50-year-old housing problem, then using ARPA funds to address learning loss resulting from the COVID-19 pandemic is certainly appropriate. The crisis probably does not feel very manufactured to students who are going to get forced out of their school this week or the next. That is a real possibility, and the Committee's suggestion that the Governor waited until now to let this crisis emerge so that he could propose a one-time use of the money to fund scholarships is inaccurate. In fact, during the 2023 Legislative Session, the GFO proposed an aggressive, robust, and comprehensive enhancement of the Opportunity Scholarship program that looks nothing like the current request. The current request is an effort to address the very tangible reality that there are students who have received scholarships and used them during the last academic year and possibly years prior who may not be able to stay on these scholarships moving forward.

SENATOR NGUYEN:

At one point, the Governor was requesting \$500 million to expand the Opportunity Scholarship program, and you recently requested \$50 million for the same purpose. However, I am talking about the current request of \$3.2 million. A request to utilize \$3.2 million in ARPA funds to fund scholarships was not brought before the money committees during the 2023 Legislative Session, and the budget that was signed by the Governor did not include the request. If the Committee approves the one-time use of the \$3.2 million in funding for this year, then it must figure out how to do so in a broken system with no accountability for the SGOs or the program – we will constantly be back here in the same situation because of the broken system. The current request does not appear to be a result of a lack of funding as the money is there. In fact, there should be over \$25 million in funding available during this school year to provide every student receiving a voucher during the 2022-23 school year with another full voucher for the 2023-24 school year, with about \$10 million remaining.

At the end of FY 2023, the remaining balance of all six SGOs was approximately \$18.4 million. The Committee heard testimony regarding the need for permanence in the program, but even with the expiration of the one-time annual tax credits at the end of FY 2022, the total ongoing annual tax credits available for the Nevada Educational Choice Scholarship Program total \$6.7 million in FY 2023 and in each year of the 2023-25 biennium, showing that permanence exists within the program. The new amount of \$25 million in tax credits that will become available in FY 2024 will be added to the balance of the \$18.4 million dollars, resulting in a carryover balance of approximately \$43.5 million. This is simple math, and it seems like the money is already available.

The NDE said that 1,575 students received a voucher during the 2022-23 school year. Even if it is assumed that these students received a full voucher amount of \$9,424, that still only equates to about \$14 million, meaning there is a balance of \$10 million that is available. I am at a loss because there appears to be money that is already available. If one of the SGOs has all the tax credits, then it can absorb 350 students that appear to be without a scholarship, and it would only cost that SGO about 15% of its carryover dollars. Additionally, \$18.4 million sitting in a basic savings account is going to make at least 4% interest, which is about \$720,000.

MR. KIECKHEFER:

I am trying to understand some of the numbers that were cited. I am not sure what you are basing the availability of a \$24 million tax credit in the next year on.

SENATOR NGUYEN:

I am referring to figures that were provided by the Department of Taxation.

MR. KIECKHEFER:

The \$6.7 million is a flat figure and is all that would be available for FY 2024 and FY 2025, so I am unsure of where the \$24 million figure is coming from.

SENATOR NGUYEN:

I added the \$6.7 million to the \$18.4 million in carryover funding to get the \$25 million.

MR. KIECKHEFER:

Some of the \$18.4 million is being awarded through scholarships, meaning that not all of it will carry forward. As previously mentioned, the SGOs operate independently from one another and plan separately for their students. I do not believe that long-term stability in the program can be achieved by letting one SGO handle and award all the scholarships because a fiscal cliff will eventually be reached regardless; under that strategy, a student will eventually be forced out of their school of choice.

SENATOR NGUYEN:

I understand, but I am saying that under the current system, there is no discretionary decision making when it comes to which of the six SGOs gets allocated the funds. If the scholarships are truly awarded on a first come, first serve basis, then we need to shift the

way that the program is being funded and encourage students and their families to apply with the SGO that received most of the tax credits.

MR. KIECKHEFER:

The SGOs will be able to walk the Committee through all their calculations when they are called up to testify.

SENATOR NGUYEN:

I will ask these questions of the SGOs. I am sure they are listening, and they know the questions that the Committee is interested in hearing answers to. It seems like the money is already available and that the SGOs should be encouraged to utilize it instead of hoarding the funding year after year until they hit a fiscal cliff.

CHAIR MONROE-MORENO:

Having this discussion with all the SGOs in the room listening will provide them with a better understanding of where the program stands and who has received funding and who has not. Due to Nevada not having a full-time legislative body and the next legislative session not occurring for another 18 months, hopefully the SGOs can work something out because the money is there – one SGO has over \$20 million in funding available.

SENATOR NEAL:

I respect Chief of Staff Kieckhefer, and I probably should not be revisiting this, but he mentioned earlier that if the Legislature was going to provide \$25 million in funds to solve a 50-year-old housing problem, then using ARPA funds to address learning loss resulting from the COVID-19 pandemic is appropriate. However, there was a prescribed requisite that I get a letter of approval from the U.S. Treasury to move forward with the housing project, which I did get. Even though I conducted research and knew what the regulations were, I still needed the letter of approval. If that rule applied to me then it applies to the GFO.

Additionally, Senator Nguyen talked about this being a manufactured crisis, and the truth is that this request was submitted to the Committee less than 30 days ago. If this was such a serious consideration that needed to be dealt with, then why was it not dealt with during the 34th or 35th Special Sessions (2023)? Why was this not discussed during the two special sessions instead of dragging the Legislature into a conversation around providing millions of dollars in tax credits to stand up and build a second publicly funded stadium. That was not a crisis by any means, nor was it necessary; it was just an issue of economic interest. Why was this not brought forward during one of the two special sessions, knowing there was an individual who sponsored a bill that did not move forward on Opportunity Scholarships. In fact, certain legislation was stalled so the Governor could push his political agenda during the special sessions. You have already made statements that are pitting the Legislature against the public. But the truth is that the Governor called the Legislature into two special sessions that did not deal with Opportunity Scholarships or put money forward in the form of cash or credit to provide scholarships. You need to answer these questions, as it is not right for you to bring this request before the Committee

while saying that Democrats have failed Nevada's children when there were plenty of opportunities for the Governor to solve this problem during the two special sessions.

MR. KIECKHEFER:

Regarding the use of the ARPA funds, the GFO is using the exact same logic that was used for S.B. 341 (2023 Legislative Session), which also made donations to nonprofit organizations as allowable under U.S. Treasury rules. If the Committee is serious about approving Opportunity Scholarships, the Governor would be happy to call the Legislature into a special session to do so. However, due to the special session process and the Democrats having a majority in both legislative chambers, introducing a request as divisive as this to the agenda of a special session would be problematic, especially when considering that the Governor is already trying to build a very tenuous consensus over an existing and difficult subject matter. The 34th Special Session (2023) was meant to finish the work of the 2023 Legislative Session, while the 35th Special Session (2023) was meant to attract the Oakland Athletics baseball team to Las Vegas; those were the agreed upon points between the Governor and Legislative leadership. If the issue of Opportunity Scholarships was added to the agenda of either special session, the sessions would probably never have adjourned.

SENATOR NEAL:

The 34th Special Session (2023) was necessary because the Governor vetoed A.B. 521 (2023 Legislative Session).

MR. KIECKHEFER:

The 34th Special Session (2023) was necessary because A.B. 521 (Capital Improvement Program Bill) still needed to be approved.

SENATOR NEAL:

Earlier comments regarding the politicalization of Nevada's children were inappropriate. If the Committee had been presented with information showing that existing students could lose their scholarships due to a lack of available funding, it may have been more amenable to the current request. However, the fact that you are requesting to expand the Opportunity Scholarship program causes issues. There is currently a way for students to get scholarships through the most competitive and aggressive SGO that is holding the largest amount of money, and based on the documents that have been provided, it is hard to view the situation as a crisis. How is this a failure of the Democrats?

MR. KIECKHEFER:

The Governor, and I as his representative, continued to have discussions regarding Opportunity Scholarships into the final days of the 2023 Legislative Session. The conversation did not stop at \$50 million for scholarships and then we just walked away, which caused difficult meetings that were not productive. We were told from the start of the session that under no circumstances were Democrats going to approve more funding for Opportunity Scholarships and that all we would receive would be the statutory credit amount of \$6.7 million.

CHAIR MONROE-MORENO:

Senate Bill 341 (2023 Legislative Session) was meant to ensure that the State of Nevada did not have to send any of the federal dollars it received back to the federal government. The mechanics of the bill stated that if some of the money that was appropriated was not used, it would revert to the state before being provided to the organizations that the money would have originally gone too, such as organizations combating housing shortages or food insecurity. The current request does not use the same mechanism, as the ARPA funds being requested would be reported under the revenue loss category that could affect the state. However, I am not seeing that revenue has been lost, and there are two different dynamics by which funding would be allocated through your request versus how it would be allocated through S.B. 341.

MR. KIECKHEFER:

I was not trying to denigrate S.B. 341, and I understand the mechanism for providing funding through that bill. The idea behind our current request is that a contribution to a nonprofit entity as a final destination from the state is an allowable use of the ARPA funds under U.S. Treasury rules.

ASSEMBLYMAN O'NEILL:

There have been a variety of issues discussed today that at times could have been considered a manufactured emergency instead of a real emergency. Both Governor Steve Sisolak, a Democrat, and Governor Joe Lombardo, a Republican, have proposed utilizing ARPA money in liberal ways and the state has never been questioned by the federal government regarding the misuse of the money. Is that correct?

MR. KIECKHEFER:

That is accurate. The GFO has followed all federal guidance and rules regarding every allocation to the best of its abilities.

ASSEMBLYMAN O'NEILL:

Regarding minority students, students of color, and families of color, 62% of Opportunity Scholarships go to recipients that are of a mixed race. Of these recipients, 26% have reported themselves as Latino or Hispanic, 14% as African American, and 14% as mixed race. The average household income for these recipients is less than \$57,000 a year, and an analysis conducted by the NDE shows that 386 of the Opportunity Scholarship recipients increased their assessment scores in both English-language learning and math by 71% over a one-year period. The state has been asking for additional money for its public education system since I became a legislator in 2015. In fact, when I was working for the state prior to that, I remember the state always asking for more money to improve its public schools. Realistically, Nevada's public school system has not improved, as it consistently remains at the bottom of educational rankings.

There is currently \$4.7 million less than what was previously available for Opportunity Scholarships. If this request is not approved, approximately 350 students will lose their scholarships and will have to leave the schools they are exceling in to return to public schools that are understaffed and have inappropriately large classrooms. Opportunity

Scholarships can benefit public schools as well and I do not see an issue with helping a student go to a school of their choice. The issue can be dealt with right now by using ARPA funds, as more than 350 students need assistance. These students have been given opportunities and it is not appropriate for the Legislature to pull the rug out from under them. The issue of how tax credits are awarded to the SGOs is something the Legislature can look at during the interim by drafting new education legislation for the next legislative session or by drafting regulations to balance out the provision of tax credits. The Legislature can help students as both human beings and as constituents by approving the \$3.2 million being requested. Is that correct?

MR. KIECKHEFER:

Yes, that is why this work program was brought forward.

CHAIR MONROE-MORENO:

I do not want the narrative that leaves this room to be that the Committee is pulling the rug out from under anyone regarding Opportunity Scholarships. There is a statute that describes how many tax credits can go specifically towards Opportunity Scholarships. The fact is that there is one SGO that took the money that all six of the SGOs could have used because it was allowed to do so under statute – this is the issue that now needs to be fixed. As a mother, a grandmother, and a Black woman, I am sensitive when I hear someone talk about underserved minority children, as the children in my household are Black, White, Hispanic, Native American, and Asian Pacific Islander.

ASSEMBLYMAN O'NEILL:

I apologize if I was implying that the Committee is pulling the rug out from under these children. What I am saying is that the Committee currently has an opportunity to address an educational challenge by using Opportunity Scholarships. As a single parent raising three children, I could really have used this opportunity when my children were younger; I sacrificed a lot to put them all in private school. As a result, I am also sensitive to this issue and I would like for the Committee to step up to the challenge that is being presented, but I am in no way impugning my colleagues.

SENATOR HARRIS:

Why was this issue not resolved sooner if a problem existed? The Governor's Office previously requested \$50 million to expand the Opportunity Scholarship program and it was noted that it was clear from the very beginning that this request was not likely to be approved during the 2023 Legislative Session. At any point did the Governor's Office attempt to shore up the program in the way it is attempting to shore it up today?

MR. KIECKHEFER:

Conversations were had throughout the 2023 Legislative Session regarding different levels of funding for the program. The Governor's Office came in aggressive, but it did ask for smaller amounts of funding to recognize the reality that the reduction in available tax credits was going to have a direct impact on students. The office could not incorporate specific numbers regarding students and scholarships into its request, nor could it foresee how the sequencing of events was going to happen, but it knew that less money meant

less scholarship availability. Other advocates of the Opportunity Scholarship program were also in negotiations and conversations regarding funding up to the waning days of the session. Once the 2023 Legislative Session adjourned and the special sessions began, the Governor's Office quickly realized that once the tax credits had been collected, a real problem existed regarding funding for the program, and the office had to look at all the options available. Frankly, I looked for every possibility to not have to be sitting here today. I was looking for every chance to have the Governor use his executive authority to direct available funding to the SGOs, but I made a judgment call and decided to be here.

SENATOR HARRIS:

I realize that my questions are somewhat retrospective, but regardless of how any of us feel about the program, no one is interested in kicking students off their scholarships. I firmly believe that if evidence had been presented earlier showing that students were going to lose their scholarships if additional funding was not put forward, a robust discussion could have been had during the 2023 Legislative Session to prevent this from happening. At the very least, many members of the Committee would have been open to ensuring there was enough funding to make sure that the students who are currently on a scholarship did not lose it. Why was this issue not brought up earlier? There appears to be enough money to fund the program as a whole and ensure that every student who was on a scholarship during the last school year can stay on one during the current school year. Is that correct?

MR. KIECKHEFER:

I am going to let the SGOs talk about their ledgers and records.

SENATOR HARRIS:

If you subtract the number of students that one SGO has to give up, and add the amount of reserves that another SGO has, the result is still net positive for the Opportunity Scholarship program as a whole. There may be odd legislative constraints around how that money can be used, and maybe those are the issues that need to be addressed. However, I am not sure that the proper way to address the issue is to continue to give dollars to the SGOs that do not properly reserve enough funds to keep existing students on scholarships. Is there an actual number of how many students will not receive a scholarship and will have to leave the school they are currently enrolled in if the Committee does not approve this funding today?

MR. KIECKHEFER:

Each of the three SGOs in need of additional funding will have to provide that specific information, which may vary based on the number of applications that they have received so far this year. Some of these numbers are also contained in the information that the SGOs submitted to the Committee.

SENATOR HARRIS:

I am assuming the Governor's Office has some basis to justify the amount of funding it is currently requesting. How many students is the office trying to help with this money?

MR. KIECKHEFER:

The Governor's Office asked each individual SGO what they were going to need to maintain flat enrollment for their existing scholarship recipients. The answers that the office received formed the basis for the dollar figure behind the current request.

SENATOR HARRIS:

Is it accurate to say that the Governor's Office is not sure that any students will actually lose their scholarships if the Committee does not approve this funding today?

MR. KIECKHEFER:

No, I believe that hundreds of students will be kicked off the program and out of their school of choice if the funding is not approved for them to continue receiving a scholarship.

SENATOR HARRIS:

Is your ballpark number that 100 students, 300 students or closer to 500 students will be kicked out of the program? You are simultaneously telling the Committee that you do not have exact numbers but then you are saying that you confidently believe hundreds of students will lose their scholarships. I am trying to make sense of all the information.

MR. KIECKHEFER:

I will use the 350 students that one SGO claimed will be kicked off the program as the floor and move up from there.

SENATOR HARRIS:

Of those 350 students, do you know what percentage of them applied for a scholarship from the other 5 SGOs?

MR. KIECKHEFER:

I do not have that information. The other five SGOs can answer that question if the Committee would like them to come up and address it.

SENATOR HARRIS:

That information would be nice to have. I do not know if any of the individual SGOs will be able to answer that question, which is why I was hoping the Governor's Office would have that global perspective. I am not sure it can be said that if the Committee does not approve this funding, then children will be kicked off their scholarships, especially if it is not even known if these children have applied for every source of funding that is available.

MR. KIECKHEFER:

The SGOs can provide the additional information that is being requested.

ASSEMBLYMAN YEAGER:

This has become a very politicized issue with much rhetoric, and it was not my intent to add to the polarization. There were a lot of negotiations and discussions regarding Opportunity Scholarships during the 2023 Legislative Session. There was a hearing on A.B. 400 (2023), but ultimately the amount of tax credits that were approved remained unchanged from what was in statute. However, I was never involved in any discussions where someone told me that if the Legislature did not act, then children would potentially lose their place in school. In fact, the first time that the media ever mentioned this issue was after session had adjourned. If this issue was known about during the session, it would have been brought up then. I believe that the issue was not brought up until now because it was unforeseeable that one SGO was going to take all the available tax credits. Neither the Legislature nor the Governor's Office could have foreseen this happening during the 2023 Legislative Session, and I do not believe that this issue has ever happened before.

I do not think this discussion would be taking place today if the tax credits had been distributed differently through the Department of Taxation, because there is adequate money for every student. What happened is that all the available tax credits were taken by one SGO. If the issue was foreseen earlier, discussions could have taken place during the legislative session regarding the amount of funding that was needed to be kept in reserve to keep students on their scholarships. Instead, the Committee is now faced with having to use one-time funding to fund ongoing expenses, which is something the Governor said he did not want to do and is something that the Legislature did not do during the session. Funding levels do change, but discussions regarding children losing their place in school never took place. I take offense to the implication that somehow the Legislature would be so callous as to remove students from their schools.

We are all now here today to do a couple of things, including figuring out whether there is a problem, and if so, whether that problem can be solved. Chief of Staff Kieckhefer was a Senator with the Legislature when the Opportunity Scholarship program was created in 2015. Additionally, there is a lack of transparency in the program, and it is hard to figure out what is going on based on the facts. The reports submitted by the NDE are incomplete and hard to understand, and the numbers provided by the Governor's Office are somewhat different than those provided by the SGOs. All of us should work together to fix this issue during the 2025 Legislative Session. When the Legislature created this program in 2015, why was it set up in such a way that one SGO could get all the tax credits without coordinating with the other SGOs? An alternative would be to have one organization distribute the tax credits or having the program administered through a state agency. I was not in the Legislature when the program was created in 2015, and I wonder why it was set up in the way that it was, which makes it very difficult for the Committee to figure out what is happening.

MR. KIECKHEFER:

I do not want to go back and forth regarding the negotiations that occurred between legislative leadership and myself during the 2023 Legislative Session. I recall a very specific conversation and meeting where the issue over maintaining flat funding for this

program was something that I suggested. We may have been focused on different things at the time, and our minds may have been wandering because it was a crazy time near the end of session.

There was a great signing ceremony when the Opportunity Scholarship program was created in 2015 that took place in Storey County. The program itself was created through a tax credit mechanism through nonprofit entities, which was meant to specifically ensure compliance with constitutional restrictions and to provide the opportunity for different SGOs to potentially focus on different things in different areas. Following the same logic as charter schools, it was thought that having multiple authorizers was good public policy, and that having diversity regarding who can go out and recruit scholarship money through donations creates value because it enables different communities and businesses to be reached and creates a broader and more diverse pool of resources to tap into.

ASSEMBLYMAN YEAGER:

Was the program set up this way so that a business could choose which SGO to donate money to, before then going to the Department of Taxation for approval to make the donation and receive a tax credit? Does a business get the tax credit directly from the State of Nevada? Does a business also get a federal tax credit for donating to the nonprofit organization, resulting in double dipping?

MR. KIECKHEFER:

The SGOs can better answer that question.

ASSEMBLYMAN YEAGER:

This discussion has illuminated the fact that although the program may have originally intended to involve multiple SGOs, this is not what is happening now. The lack of coordination among the SGOs and the current circumstances mean that the SGO that is first in line can take all the tax credits. Even if the amount of annual tax credits was increased to \$15 million, if one SGO goes to the front of the line and takes the entire \$15 million, the situation would be the same for the remaining SGOs. I hope that you agree that to the extent possible, this issue needs to be worked on starting now through the next legislative session. A mechanism must be determined so that the SGOs are not in another situation where an adequate amount of funding is not being dispersed equitably among the SGOs based on their history of granting scholarships. I want the Governor's Office to commit to working on this issue with the Legislature so that it does not occur again in the future.

MR. KIECKHEFER:

The Governor's Office also does not want this to be a recurring situation. This discussion has revealed some issues regarding the structure of the program that we need to collaborate on to find solutions.

CHAIR MONROE-MORENO:

I am going to invite the representatives from the three SGOs included in the work program to come up to the testifier's table, and then the Committee will ask questions of the SGOs not included in the work program.

ASSEMBLYWOMAN ANDERSON:

What steps did the SGOs take to ensure that the one-time funding provided for in FYs 2018, 2020, 2021, and 2022 would not result in a significant number of students losing their scholarships when the one-time funding was depleted? Did any fundraising efforts take place to supplement donations that would have been received from donors receiving the tax credits?

MINDDIE LLOYD (Project Director, Injured Police Officer's Fund):

The late Lieutenant Lloyd, who was previously the president of the Injured Police Officer's Fund (Fund), felt that the program worked well for at-risk youth less likely to transition successfully into adulthood. Success can be measured by academic success, job readiness, and the ability to be financially independent, and can also refer to the ability to become a positive member of society by avoiding a life of crime. The Fund first joined the Opportunity Scholarship program in late 2019 with the program's inception beginning in 2020, which was immediately followed by the COVID-19 pandemic and the passing of Lieutenant Lloyd. The Fund is very grateful for the commitment of the businesses that have helped it throughout the process.

I do not have information regarding the one-time funding provided for in FY 2018, but I brought over 200 applications with me today that detail and verify the numbers that were submitted to the Committee. When the SGOs applied for the tax credits and submitted their commitments from businesses to the Department of Taxation (Department) in June 2023, they did not realize that mailing in their submissions or not being first in line would result in them not receiving any funding. The current system is broken, because in the past, the SGOs could reach out to one another and request assistance using leftover funding. It is difficult and shocking to hear that one SGO has leftover funding while other SGOs received no funding.

The Injured Police Officer's Fund uses a checklist to ensure that families qualify for scholarships before submitting its commitment from businesses to the Department – the businesses will then be informed whether they were eligible to receive a tax credit from the Department. During this time, the Fund will also reach out to the businesses to let them know that instead of paying taxes, they are allowed to donate to an SGO. I have always tried to use all my SGO's funding because I did not realize until today that the funding could be held onto. As shown in the backup documents, the Fund has a remaining balance of roughly \$16,000. This amount is higher than normal and is due to the Fund having recently received money back from a school due to certain families having exhausted their maximum payments. Families will reach out to different SGOs to determine the maximum amount of funding for scholarships they can receive.

ASSEMBLYWOMAN ANDERSON:

The Fund cares about the people it is helping, which is greatly appreciated. My other question was regarding one-time funding and what steps the Fund takes to ensure a significant number of students will not lose their scholarships based on the one-time funding running out. However, the statement you just made of being unaware that the Fund could hold onto money for a longer period and place it into reserves actually answered my question.

MS. LLOYD:

The Fund opened its application process on June 15, 2023, which was also the day that all the SGOs submitted their paperwork to the Department of Taxation. Afterward, the SGOs received letters from the Department stating whether they were eligible to receive tax credits; however, the Fund did not receive its letter until last week, by which it was notified that it had been denied funding. As a result, I have not had time to process all the information that the Committee has received. The Committee is concerned with keeping existing students on scholarships, but just because someone may be a new applicant does not mean they have not received a scholarship in the past, as the scholarships are often spread around among the different SGOs.

ASSEMBLYWOMAN ANDERSON:

Regarding a family shopping around for a scholarship, are there any checks and balances in place to determine how often this is happening, or is this something that has always been in existence?

MS. LLOYD:

One family's application may be for four students living in the household. For example, while the Fund has received 216 applications, the number of applications can actually be doubled, and I have only processed approximately 30 of these applications. At least two of the applications I have processed so far are for returning students. The Fund knows whether these students have previously received a scholarship based on their application, which asks students if a grant has previously been awarded and what school they were going to. Applicants are also asked if they are currently receiving money from any other SGO. Once the applications are processed and the student is attending the school at which the Fund has made payment to, the school is also responsible for letting the other SGOs know that the student has already received money for a scholarship from another SGO – this happened to the Fund, which is why it received money back.

DANA STERN (Administrator, Silver State Scholarships):

This is not a political issue for the SGOs or the families receiving scholarships. I have been working for Silver State Scholarships (Silver State) for five years now, and this is the first time I have had to come before the Committee to request additional funding. Last year was the first year that all the tax credits were taken; before that, Silver State could take donations in exchange for tax credits all year long. The Opportunity Scholarship program is only funded with donations. The SGOs raise as much money as possible, and it is understood that the program is based on the fact that any student that gets accepted, whether from kindergarten or 10th grade, unless they move or become

disqualified by having a family income above the FPL threshold, is going to receive funding to get them through school. The SGOs raise enough money in donations to accomplish this goal without holding onto any of the funding. Silver State only carried forward approximately \$700,000 over the past two years which was more than normal and was due to families withdrawing from the program throughout the year. Many families decided to homeschool their children after the COVID-19 pandemic, so extra money that would have went toward putting a student into a school of their choice was instead carried over by the SGOs.

Silver State only has \$300,000 in funding remaining this year, which can provide approximately 50 scholarships. With 398 returning students, if additional funding is not received, 350 students will get kicked out of their current schools. Silver State was hoping it could also provide scholarships to 27 siblings of students already receiving scholarships, with the siblings going to whatever school their family can afford and that they can get into. Families also rely on schools to give them discounts, with schools providing discounts to families with multiple children in attendance or to families that are part of the religious community. Silver State never provides more funding than what is needed for tuition, and it contacts schools every year to ask for schedules, contacts, and tuition information.

Information regarding marital status and other household conditions can be derived from the applications, as families will list every single piece of income they have on their application, including the financial information they provided to qualify for the U.S. Department of Agriculture's Supplemental Nutrition Assistance Program. Families are asked to not list the incomes of parents or guardians who do not live with or support their child, but this information will often still be disclosed to remain truthful and provide as much information as possible to qualify for government assistance. Additionally, Silver State's records are often audited, with Silver State following up if there are any questions. There are no families who are not financially deserving that receive scholarships, and Silver State will not provide a scholarship until it knows exactly how many students will be returning.

The SGOs accept applications for a short time in May, with applicants being told they are not going to hear back regarding the status of their application until July, which is after the SGOs submit their paperwork to the Department of Taxation on June 15. I flew to Carson City to submit Silver State's paperwork and was second in line behind representatives from the AAA Scholarship Foundation. My paperwork was submitted and stamped, and I felt perfectly comfortable that Silver State's request for \$2.5 million would be approved. On July 6, 2023, Silver State received notification from the Department stating that every single one of its applications was denied; Silver State now has no funding to provide scholarships.

The financial aspect of the Opportunity Scholarship program is new to me, but I do not understand how one SGO can receive all the tax credits – this is an obvious problem that needs to be addressed because it is completely wrong. The Committee can deliberate on what it wants to do moving forward, but Silver State has already sent over 500 letters

to families telling them no money is available for scholarships. Out of 398 returning students, I am looking at having to tell 350 of them that they are either going to have to go to public school or no school at all. Silver State will not be receiving funding from the other SGOs, and if this system is still in place next year, I am going to go and park out in Carson City at midnight and sit there all night to make sure that I am the first in line so that this does not happen again.

Ms. LLOYD:

Checks and balances for this program exist between the SGOs, the NDE, the Department of Taxation, parents, and schools. I believe in the Opportunity Scholarship program, but I do not understand why the SGOs are required to exhaust all existing funding to receive new funding. The market in the Las Vegas area is cornered, and the casinos will not make donations unless it is for a certain reason, and only if there is a great return on investment. There are selected businesses that will donate because they believe in the program and in Nevada's children, and I am torn because there is more money out there, but we do not know how to get it. The SGOs will have to try harder next year if they are denied the funding being requested today, and I am going to have to call families over the next 10 days to let them know that no funding is currently available for scholarships.

CHAIR MONROE-MORENO:

The Committee has not stated that the SGOs must exhaust every dollar before they receive any additional funding.

Ms. LLOYD:

When the Injured Police Officer's Fund was accepted as an SGO, it was told that all available funding had to be exhausted, which is why the Fund does not currently have any money. If the Fund had remaining money, it would contact the other SGOs to ask them if they needed more money for scholarships.

ASSEMBLYWOMAN ANDERSON:

What fundraising efforts have the SGOs taken to supplement the donations received from donors who received the tax credits? What steps did the SGOs take to ensure that the one-time funding provided for in FYs 2018, 2020, 2021, and 2022 did not result in a significant number of students losing their scholarships when the one-time funding was depleted?

RABBI NACHUM METH (Executive Director, Student Choice Fund of Nevada):

The SGOs strive to be as transparent as possible regarding the Opportunity Scholarship program and remain in constant contact with the NDE and Department of Taxation, providing these entities with all our numbers, data, and reports. The Student Choice Fund of Nevada (SCF) is a small SGO that is trying to make a difference in the community and is not some big corporation trying to hoard money – it is trying to help children and students get the best education possible. There is no lack of transparency, and the SCF strives to do the best it can. There is currently a scarcity of resources that needs to be addressed, as \$6 million to fund scholarships for a full year is not enough.

According to statute, the maximum scholarship amount that can be granted is \$9,424, meaning that only 706 children in the entire State of Nevada can receive a scholarship before the \$6 million runs out. There are approximately 485,000 students in Nevada's public school system, and we are talking about 706 students. There is not enough funding for scholarships, and the SCF tries to balance the funding it raises with continuing scholarships while also getting dollars out to schools as soon as possible so that students can use the funding immediately. The SCF strives to ensure that students are not going to lose their scholarships during the next school year. For example, this year, the SCF has approximately \$343,000 left in reserves, which is all its money. The SCF is going to have to use all its reserves if additional funding is not approved, which means it is not going to be able to fund its students to levels seen in the past and will basically be put out of business next year. The SCF tries to balance continuity of scholarship funding with converting donations into scholarships that can be used immediately. This is a juggling game as there are very limited resources, with only a few dollars to go around and a lot of students that are applying for the funds.

ASSEMBLYWOMAN ANDERSON:

I understand the process is a juggling act. However, has the SCF ever tried to go out and get other funds to help with this or has it always been dependent upon state funding?

RABBI METH:

The funds that the SCF raises are specifically for the Opportunity Scholarship program, and the SCF tries to get corporations to donate to the program every year. If the corporations are not going to receive a tax credit because there are none left, the SCF is not going to be able to get much funding beyond that. I am not aware of people who are willing to donate millions of dollars without receiving a tax credit or another form of incentive. Once the tax credits are exhausted, there is not much more the SGOs can do to provide funding for students.

SENATOR HARRIS:

How many scholarships did the Injured Police Officer's Fund (Fund) provide to students last year?

Ms. LLOYD:

The Fund had enough money to provide 31 scholarships last year and was credited with \$6,000 in May 2023 – the \$6,000 funded scholarships for 4 students.

SENATOR HARRIS:

Based on this information, is it fair to say that 27 students relied upon your SGO for funding in the previous school year?

Ms. LLOYD:

That is correct.

SENATOR HARRIS:

Of those 27 students, how many of them applied with your organization for funding again this year?

Ms. LLOYD:

I do not have those exact numbers, as when the Fund submitted its paperwork to the Department of Taxation on June 15, 2023, it had just opened its application process, which ran from June 15 to July 15. On July 7, most of the SGOs had already noticed that all the tax credits had been given to one SGO and that no more funding was available. Even though an official notice stating that the Fund had been declined funding had not yet been received, we stopped processing the applications at that time, as we did not know how to respond to families. Why would the Fund continue processing applications if it was going to have to tell families that no more funding was available for scholarships? This past Saturday, August 5, 2023, is when the Fund received its letter from the Department of Taxation stating that no more tax credits were available. As a result, of the \$445,000 that businesses had committed to the Fund to pay for scholarships, \$125,000 could not be accepted by the Fund to exchange for tax credits. Additionally, these businesses already paid their taxes so that they did not get penalized, resulting in the Fund being out of money no matter what.

SENATOR HARRIS:

Is it fair to say that the Fund is not sure how many of its returning students have applied because it has not yet gone through all the applications?

Ms. LLOYD:

That is correct.

SENATOR HARRIS:

How many students did Silver State fund last year?

Ms. STERN:

Silver State funded scholarships for 492 students last school year.

SENATOR HARRIS:

How many of those 492 students applied with Silver State for funding again this year?

Ms. STERN:

Excluding the 27 siblings of returning students that applied for a scholarship this year, there are 398 returning students from the 2022-23 school year.

SENATOR HARRIS:

Because Silver State received no money this year, is it safe to say that none of the 398 returning students will receive a scholarship this year?

Ms. STERN:

No students have received any funding because Silver State has not yet made any determinations. Of the 398 returning students, 348 will not receive funding, as Silver State has about \$300,000 in its coffer to provide scholarships to about 50 students this school year.

SENATOR HARRIS:

Are you aware of how many of those 348 returning students, who you may not be able to fund scholarships for this school year, applied for funding from another SGO?

Ms. STERN:

Yes, that information is requested on the application, and the Fund has yearly records showing the amount of funding an applicant may have received in the previous school year. The assumption is made, especially if a student applied for funding from a bigger SGO, that the student is going to be awarded funding if their financial situation stays the same. However, there is no guarantee a student will continue to receive funding, and Silver State will ask if they are also reapplying with another SGO. Approximately half of the students who applied for a scholarship with Silver State also applied for funding from another SGO.

SENATOR HARRIS:

Is it safe to assume that about 174 (half) of the 348 returning students will at least be getting partial funding from another SGO?

Ms. STERN:

I hope so, but there is no guarantee. Even though certain students may be partially funded by larger SGOs, the way that the system works is that the money is first accounted for by the schools. For example, if Silver State awards a student funding based on their financial situation and provides them with \$4,000 and later finds out that the student was also awarded funding from the AAA Scholarship Foundation, then Silver State will still come up with the difference between what the student was awarded and what the cost of tuition is; however, it still cannot be assumed that the student will receive funding from the other SGO. Even if a student receives funding from another SGO, it may not be enough for them to go to their school of choice, especially if their parents or guardians cannot come up with the additional funding. Half the time, Silver State will not receive a refund from the schools until later in the school year when the schools finally receive funding from the other SGOs. Students cannot attend the school of their choice unless they have enough funding from the very beginning. Even if a student receives a scholarship from a larger SGO, those students still rely on Silver State to make up the difference so the student can continue their education at that school.

SENATOR HARRIS:

Even when receiving funding from the SGOs, there are still some families that cannot afford to send their children to private schools.

MS. STERN:

That is correct. On its application, Silver State asks families if they have the means to cover any remaining tuition amounts not paid for by the SGOs. If a family cannot cover remaining tuition expenses, Silver State will try and explain that the family will only receive a set amount of funding, and that they may be better off finding another solution. Additionally, there is some misconception about what the scholarship grants can be used for. Schools will sometimes ask Silver State to cover special fees or curriculum, which Silver State declines, explaining that SGO grants are specifically for tuition-related fees and textbooks. There are often a lot of additional fees that parents are unaware they are responsible for. Regardless of the funding cap, a student will never receive more funding than the cost of tuition.

SENATOR HARRIS:

How many students did the SCF provide funding for last year?

RABBI METH:

The SCF provided funding for 76 students last school year.

SENATOR HARRIS:

How many of those 76 students applied for funding from the SCF again this year?

RABBI METH:

Like the other SGOs, the SCF has not totally gone through all its applications. It takes a long time to vet all the applications to make sure they fit within the guidelines. The SCF opened its application process to existing students and their siblings. The SCF received over 100 applications, but they have not been vetted yet.

SENATOR HARRIS:

Is it fair to say the SCF is not sure how many of its applications are for the 76 returning students?

RABBI METH:

I cannot give you exact numbers, but I imagine the bulk of the applications are for returning students.

SENATOR HARRIS:

Is the SCF aware of what percentage of its applicants also applied to other SGOs and were denied funding?

RABBI METH:

The SCF will ask whether an applicant has applied with another SGO, with the applicant marking yes or no on their application. The SCF does not know whether an applicant was denied funding from another SGO. Of the 76 applications that were granted funding last year, 1 had to be returned, so the SCF only provided funding for 75 student last year; by the end of the school year, the SCF found out a student had received too much funding, and it got refunded the money it provided.

SENATOR HARRIS:

I am not sure how representatives from the SGOs are so confident of the number of students who will be kicked off their scholarships when the number of returning students versus new students is unknown. The SGOs also do not know the exact number of siblings of renewing students that are applying, or the number of students that have applied with other SGOs but still cannot cover their tuition costs. It cannot be proven that even one student, much less hundreds of students, will not be able to go to the same school they previously attended.

RABBI METH:

The SGO's application window is only open for two to three weeks. After receiving all the applications, the SGOs must go through the information to make sure that the applicants are indeed below 300% of the FPL. The SGOs then have to reach out to schools to ensure that the student is in good standing and enrolled at the school, with it being the school's responsibility to verify that students have received the maximum amount of funding and are not receiving scholarships from other SGOs. The SGOs do not reach out to one another to find out how much funding a certain student is getting, as that is handled by the schools, who are keeping the records – it takes months to get this all worked out after a school receives the funding.

SENATOR HARRIS:

I am not implying that the lack of transparency within the Opportunity Scholarship program is the fault of the SGOs, as it appears to be related to the structure of the program. Even though no one can definitively answer why there is a lack of transparency, there have been many affirmative statements made today regarding what people think is going to happen if the Committee does not approve this item. I have not figured out why everyone is so confident of what the numbers are. Even though I am not an expert on the program and was not around when it began in 2015, it seems that no one really knows whether every student who used to receive funding is not currently receiving funding from another SGO that still has money available.

I do not know how the actual need for additional funding can be determined without the SGOs knowing exactly who has applied for funding, who has been denied funding, how much funding an applicant applied for, and whether an applicant applied with the same SGO or school previously and how much funding they may have received from a different SGO. Without this information, it does not seem that conclusions can be drawn. Perhaps the AAA Scholarship Foundation can come up and discuss why it was first in line to receive tax credits, how many students it is funding, and whether it is funding more students than it did last year, because dollar amounts have not changed. It seems like there is a glitch in the process but not a shortage of funding.

MS. STERN:

I know the exact number of students that are not going to be able to receive funding from Silver State. Students may have applied for funding from another SGO based on the timing of how the money is allocated and the different schedules of the SGOs. It would be wonderful if Silver State knew upfront how much funding a student was receiving from

another SGO, as Silver State could then give them the balance and save money to be used for another student. This process is made difficult due to timing and the fact that the schools are the entities keeping track of which SGO a student is receiving a scholarship from – the SGOs are not keeping these records themselves. If a school notifies Silver State that a student has received funding over the maximum allowable amount, this then must be worked out so that Silver State can receive a refund. However, by the time this process is completed, the budget cycle has closed for the year and funding must be carried over. As such, Silver State cannot provide the refunded money to another student during the current year.

SENATOR HARRIS:

That information is helpful, but it does not lead to the conclusion that a certain number of students will be kicked out of their schools. The numbers provided are still a bit amorphous.

RABBI SHEA HARLIG (Director, Chabad of Southern Nevada and Desert Torah Academy): There are dozens of students from the Desert Torah Academy who receive scholarships. The way this process works from a school's perspective is that students and families develop relationships with the SGOs. While some families shop around among the various SGOs, the majority develop a relationship with a particular organization and stay with it, as SGOs often feel responsible for their students. Dozens of students from the Desert Torah Academy only receive scholarships from Silver State, while others receive scholarships from the AAA Scholarship Foundation (AAA), or a combination of both. When the aforementioned 398 students apply for a scholarship, some of them know they are going to receive funding from multiple SGOs, probably receiving the same amounts needed to cover the cost of their scholarship from the previous year.

It was stated earlier that the SGOs could reach out to the AAA (the SGO that received all the tax credits this round) and ask it for money. When I reached out to the AAA, the organization responded and said that what it received this year is not even enough to cover the scholarships it normally provides. When I asked if the students who had not yet received a scholarship could apply with the AAA, I was told that the application deadline had already passed. As a result, families who had already applied with Silver State and were assuming that they were going to continue receiving a scholarship as they had over the past several years were now left without funding as the deadline to apply with the AAA had passed. I also do not think it would be legal to force the AAA to provide funding to the other SGOs. Even if it were legal, the AAA told me that it wanted to keep money in reserves and that the \$6.7 million it had received was meant to cover existing scholarships.

SENATOR HARRIS:

Does the Injured Police Officer's Fund (Fund) focus on children from law enforcement and military families or is the program open to all applicants? Is this the first time the Fund has received donations but was denied tax credits from the Department of Taxation?

Ms. LLOYD:

This was the first time that the Fund was denied tax credits, even when applications have been submitted at the last minute in the past. The Fund's application process is only open to returning students. Even if a student applied with one SGO as a new applicant, they are not actually a new applicant, as they are technically returning students who are double-dipping into different SGOs for money. Any student from any background can apply for a scholarship from the Fund. Police officers see the need for a quality education among at-risk youth, and Lieutenant Lloyd wanted to provide an avenue for these children to receive scholarships. Students who qualify are from families with incomes below 300% of the FPL, so children from law enforcement families often do not qualify.

Ms. STERN:

Silver State's scholarship program is open to anyone that is aware of the program and who qualifies for it. This is the first time Silver State has been denied tax credits even though it has been a part of the Opportunity Scholarship program since its inception.

CHAIR MONROE-MORENO:

The money that is being requested is meant to be used this year, meaning that it is possible the SGOs will be in the same situation next year. What are the SGO's plans to ensure there is enough funding next school year?

Ms. LLOYD:

The money that the Fund is currently requesting is the money that was originally committed to it by businesses. The Fund plans on being first in line to receive tax credits next year and will work diligently with new businesses to gain additional support. We are not greedy, and the current request of \$445,000 to provide scholarships to returning students is not asking a lot.

Ms. STERN:

Even though Silver State is a larger SGO that takes on more students, it is funded in the same way as other SGOs. The woman who was overseeing the donation portion of the program for Silver State suddenly passed away earlier this year, leaving us in a tailspin; I have been managing the other aspects of the program for the last five years. Silver State has many returning donors and has been proactive in the past about receiving more donations, as it wants to have more money to be able to accept additional students. Even though its donation manager unfortunately passed away, Silver State was still able to come up with funding from donors from past years that would have provided scholarships to renewing students as well as siblings at the very least if tax credits had been available. Moving forward, Silver State will continue receiving donations and asking for more contributions.

Silver State is not depending on the Committee to provide it funding in future years and is planning on doing things the way it always has. However, it does not matter how much money is received in donations if the money cannot be converted into tax credits. I hope the issue of one SGO taking all the tax credits can be resolved through legislation and other considerations. Until then, Silver State will keep raising more money so that

students can stay in their existing schools, as it is detrimental for them to have to switch schools. Students come from families that are disadvantaged in more ways than just financially, and having to go to the public school they are zoned for often creates an impossible situation for them.

RABBI METH:

This was the first time that the SCF was denied tax credits. I understand that tax credits are offered on a first come, first serve basis, but how is it determined which SGO should be provided with tax credits if two organizations submit their donation requests at the same time? The SCF also wants to help as many students as possible and is always looking to increase the donations it can receive every year.

CHAIR MONROE-MORENO:

There have been many press conferences and negative advertisements against the Democratic Party of the Legislature saying that many students will not be able to return to their school of choice because they may lose their scholarships. However, I have learned today that these students can get scholarships from multiple SGOs, and the students that one SGO may not be able to fund may be receiving funding from another SGO. The students may also be receiving less money, meaning their parents or guardians will have to come up with a larger portion of the funding from their own resources; if families are unable to do so, then students may not be able to go to their school of choice. It is enlightening to know that one student may receive funding from multiple SGOs.

SENATOR SEEVERS GANSERT:

The NDE puts out an annual report regarding Opportunity Scholarships which states that for the 2022-23 school year, there were 173 students total out of roughly 1,600 that actually received funding from more than one SGO. Ms. Stern from Silver State declared that there are 348 students that the SGO will not be able to continue providing funding for. Additionally, the window in which families can apply for scholarships has closed, and three SGOs were not able to receive tax credits. It is important to recognize that there is nothing else these SGOs can currently do to provide scholarships to their students, and it is very unlikely or impossible for students to apply for funds from another SGO. All the SGOs had donors that were willing to donate money to receive a one-to-one credit against the MBT, but the capacity was not there. Demand for scholarships is there and funding from willing donors is available, but the cap for the MBT is lower than what was required to fulfill all their needs. I am glad the Committee has now been provided with the opportunity to understand this issue at the granular level.

CHAIR MONROE-MORENO:

While there is a statutory cap regarding the maximum amount of tax credits that can be issued (\$6.7 million), having one SGO take all the credits has not occurred in the past. That is the main problem before the Committee today. This issue is not about a lack of funding, as the SGOs were able to go out and get businesses to donate and contribute funding – the issue is that one SGO took all the available tax credits.

RABBI HARLIG:

If the 1,734 students who received funding from two SGOs were part of the 348 students who received scholarships from Silver State, that means that the other 1,734 students who received funding from Silver State are not going to receive any funding. Even though 1,734 students will still receive scholarships, a lot of those families may still not be able to cover the remaining cost of tuition, even if the school itself provides an additional scholarship.

CHAIR MONROE-MORENO:

The SGOs would have been able to provide scholarships to the same number of students that received scholarships during the last school year based on existing funding. However, the reason that the SGOs cannot provide scholarships now is because one SGO took all the available tax credits. Is that correct?

RABBI HARLIG:

That is correct, and we are here today to resolve this issue.

CHAIR MONROE-MORENO:

The solution that is being requested today would be a temporary solution, and the SGOs will be in the same situation next year – no one has stated what the solution will be for next year. There will not be another legislative session to address this issue before it comes up again.

RABBI HARLIG:

I am sure the Committee will come up with a solution during the 2023-24 Interim.

CHAIR MONROE-MORENO:

There is only so much the Committee can do during the 2023-24 Interim. One solution would be to put together a bill draft request for the 2025 Legislative Session to fix the mess that the Opportunity Scholarship program has become, and of which the Committee was not made aware of until today. The Democrats and the Republicans will need to work together to find a solution, and no members of the Committee knew this was going to be a problem during the 2023 Legislative Session. I am also sure that the SGOs did not expect one organization to take all the tax credits and that they would need to be here today to request more funding. I do not know if the deadlines for applying for a scholarship are set in statute or are just what has been followed in the past, and if the Committee were to approve the funding today, it would only be a one-time solution – the funding will not be here next year.

RABBI HARLIG:

We are in favor of a special session being held to correct the Opportunity Scholarship program.

CHAIR MONROE-MORENO:

The Committee does not want another special session to be held to address this issue.

The Committee will now hear from the other three SGOs.

ASSEMBLYWOMAN JAUREGUI:

Why did the AAA take all the available tax credits if it knew this was going to leave students from the other SGOs with no funding?

DENICE LASHER (Consultant, AAA Scholarship Foundation):

To understand what happened, everyone needs to comprehend the process that is in place by law. The SGOs submit the applications for tax credits to the Department of Taxation (Department) on behalf of companies; in the past, this was done by email. For this year, the Department decided that applications must be submitted in person or by mail. The law states that the process is first come, first serve. The AAA did not know which of the SGOs had already applied or how much in tax credits they were asking for. By chance, the AAA ended up being first in line to submit its applications. The amount of tax credits that can be awarded is set by law and is actually not enough to provide scholarships for 1,400 students – the \$6.7 million is only enough to fund scholarships for approximately 950 students. As a result, it would not matter if another SGO received any leftover tax credits, as there still would be a shortage of tax credits based on the \$6.7 million statutory cap and how much it costs on average to provide scholarships to 1,400 students.

ASSEMBLYWOMAN JAUREGUI:

I understand the process. However, the AAA had \$13,425,691 in reserves and carried forward that amount into the next school year, and only needed \$4.2 million to fund its 700 returning students. Why did the AAA apply for more money on top of the \$4.2 million and not leave any money for the other SGOs?

Ms. LASHER:

The reason why the AAA had funding in reserves is because it follows what the NDE and the Legislature have asked the SGOs to do in prior years, which is to not spend one-time funding over a one- or two-year period. As discussed, when S.B. 555 was approved during the 2017 Legislative Session, the idea of the one-time funding was not to give out thousands of scholarships at one time. The one-time funding that was generously approved by the Legislature was meant to be spread out over several years. The AAA follows good management practices employed by nonprofit organizations providing scholarships, and these management practices dictate that an SGO has enough funding to follow a student throughout several school years. Companies want to participate in the program, and when the AAA submitted the applications to the Department, it was hoping that it would receive some of the \$6.7 million in tax credits. When the applications were submitted, the AAA had no idea that it would be first in line, and it does maintain reserve funding to ensure continuity of a student's scholarship for up to four years.

ASSEMBLYWOMAN JAUREGUI:

Upon learning that it took all the available tax credits, and because it had reserves that it could carry forward, did the AAA reach out to any of the other SGOs and offer them funding they could use for returning students?

MS. LASHER:

The AAA did not know it had been approved for any tax credits until the middle of July 2023. I received a phone call from the Rabbi on July 6 saying that the applications of the other SGOs had been denied, but the AAA did not know whether its applications had been approved or denied until a week later. The AAA paid for FedEx delivery notifications so that it would know when its approval letter had arrived by mail. In my conversation with the Rabbi, I stated that the AAA was going to serve its renewing students first, and that it had siblings of renewing students that it also wanted to serve. I also stated that if there was extra money, the AAA would help other SGOs provide scholarships to their renewing families if those families were eligible and met the financial guidelines.

ASSEMBLYWOMAN JAUREGUI:

Are you saying that the AAA will use its reserves to ensure that all returning students receive a scholarship?

MS. LASHER:

No, that is incorrect. The AAA was given a four-star rating from Charity Navigator (the highest rating that a nonprofit organization can get) for its management practices, which allowed the SGO to fund 850 scholarships. If there is still funding for scholarships available after it has served its own renewing families, then renewing families from other SGOs can apply for a scholarship through the AAA.

ASSEMBLYWOMAN JAUREGUI:

In its written response to the Committee, the AAA stated that it could fund scholarships for approximately 700 students at a cost of \$4,275,000 during the 2023-24 school year. The AAA also indicated that it provided scholarships to 885 students during the 2022-23 school year, meaning that there are approximately 200 students that did not return due to natural attrition, attending another school, or graduating from school. Based on this trend, it is safe to assume there will be fewer than 700 renewing students during the 2024-25 school year. This means that the AAA will need less than \$4,275,000 to fund scholarships for renewing students next school year and does not need \$13,425,691 in reserve funding, especially when there are approximately 400 returning students from the other SGOs in need of a scholarship. Using \$4,275,000 to fund scholarships for 700 students equates to approximately \$6,000 per student. Simply put, the AAA would only need to take out \$2.4 million from its \$13,425,691 in reserves to help the other SGOs provide scholarships to their 400 renewing students and will still have enough funding for its own returning students. Dividing \$2.4 million by \$6,000 per scholarship equates to 400 renewing students receiving a scholarship.

CHAIR MONROE-MORENO:

For the 2023-24 school year, how many of the scholarships that the AAA is funding are for new students versus renewing students?

MS. LASHER:

The AAA has not approved scholarships for any new families during the 2023-24 school year. In the report it provided to the Committee, the AAA indicated that it anticipates serving 850 students totaling \$5.2 million in scholarships for the 2023-24 school year.

CHAIR MONROE-MORENO:

The report that the AAA submitted to the Committee says that it will provide scholarships to both new and renewing students. The report also states that although the AAA did not originally offer households applications for the siblings of renewing students, based on its renewal rate, it determined that there was capacity to do so. These siblings did not receive scholarships in the past, so they could be considered new students. Is that correct?

MS. LASHER:

The AAA will offer scholarships to siblings of renewing students this school year but will not offer scholarships to new families.

CHAIR MONROE-MORENO:

Your statement is misleading because the siblings of renewing students are technically new applicants.

MS. LASHER:

The AAA is accepting siblings into the program this year, but it does not know how many siblings of renewing students are going to apply because the application window for siblings is still open; however, the application window for renewing students has closed. The AAA anticipates serving a total of 850 students this school year, and I am sure there will be slots available for renewing students from other SGOs, but that cannot be determined yet.

CHAIR MONROE-MORENO:

It appears that the AAA has more than enough funding to take care of its renewing students and is opening its application process to the siblings of these returning students, who would be considered new applicants. Additionally, there are three SGOs with students that cannot return because the AAA took all the available tax credits to provide scholarships to its current applicants as well as to new applicants – I believe that the AAA was aware this would happen when it took all the tax credits.

SENATOR HARRIS:

Is there anything in statute to prevent the AAA from using its reserves to provide funding for the rest of the returning students from the other SGOs?

MS. LASHER:

There is nothing in statute stipulating that reserve funding must be used. As I stated, the NDE has directed the SGOs to not use one-time funding to provide scholarships to an unsustainable number of students. Several years ago, there were approximately 1,000 students that lost their scholarships because one SGO used a portion of the one-time annual tax credits of \$20 million that was awarded in 2017 to provide scholarships to too many students.

SENATOR HARRIS:

I understand, but today we are discussing how to prevent current students from losing their scholarships. I am trying to figure out if there is an actual reason why the AAA cannot help the other SGOs or if it simply does not want to.

MS. LASHER:

The AAA wants to help families renew their scholarships but must do so within the parameters set by the state, and within the good management practices followed by nonprofit organizations. The other SGOs that have been around for a while were given the same directions; I cannot help it if they used up all their one-time funding.

SENATOR HARRIS:

It appears that the AAA can help the other SGOs, as it has more than sufficient reserve funding to cover all the renewing students from the other SGOs during this school year. Is that correct? I am not asking the AAA to provide funding for the siblings of renewing students from the other SGOs.

MS. LASHER:

The AAA cannot use its reserve funding to help the other SGOs based on the factors I have already related to the Committee and based on what would happen two or three years down the road when there is no more reserve funding.

SENATOR HARRIS:

We need to deal with this problem as it stands today, because in two or three years the state will have gone through another legislative session and the SGOs can work the issue out with the Governor's Office at that time. I agree that reserve funding may run out two or three years down the road, and I am glad the AAA is fiscally responsible, but it seems that those good fiscal practices are in place for moments such as these when there are students who will be kicked out of the schools that they are attending. I do not understand why there is a request before the Committee to use \$3.2 million in ARPA funds when the AAA has reserves that are six times that amount, and which also happens to be the same SGO that took all the tax credits. It would not be fiscally responsible for the Committee to approve the \$3.2 million to provide scholarships for renewing students when it is very clear that the AAA is holding onto the funding that is already available.

ASSEMBLYMAN YEAGER:

Is the AAA's application process still open for any student to apply for funding for the upcoming school year?

MS. LASHER:

I am a consultant for the AAA and do not have that exact information, but I believe the deadline for siblings of renewing students to apply is next week, after which the AAA will determine how many additional renewing students can be offered a scholarship based on eligibility and income guidelines.

ASSEMBLYMAN YEAGER:

The AAA has returning students in addition to an application period that is open right now for siblings. After the application period for siblings ends, the AAA will examine its finances to determine how many more students it can take, some of whom may be coming from another SGO. Is that correct?

MS. LASHER:

Yes, that is correct. Additionally, some of the AAA's current students have also been funded by another SGO. If more than one SGO is providing a scholarship, the first SGO will provide the initial funding and the second SGO will cover the difference between what was awarded and the cost of tuition. The first SGO provides families (including renewing students) with the amount of funding they are eligible for, which is based on policies established by the NDE.

ASSEMBLYMAN YEAGER:

Please describe what was different about the Department of Taxation's (Department) application process this go-around. When did the AAA learn about the difference?

MS. LASHER:

Applications were required to be submitted to the Department by email once the COVID-19 pandemic occurred. There was always enough funding prior to the pandemic as one-time funding was often made available, with the amount of tax credits that could be issued being increased to \$6.7 million in FY 2019. It also took a while to educate companies regarding their ability to donate, so there was not as much of a risk in hitting the statutory limit. For the current funding cycle, the SGOs hoped for and anticipated that the Department would request applications to continue being submitted via email but found out two weeks before the application window opened that applications must be provided in person or by mail on a first come, first serve basis. The AAA ended up being first in line and did not purposely take money from the other SGOs.

ASSEMBLYMAN YEAGER:

When did the Department notify the SGOs that applications would have to be submitted in person or by mail and not via email?

MS. LASHER:

I do not know the exact date offhand, but it was approximately two weeks before the application window opened.

ASSEMBLYMAN YEAGER:

Did the AAA submit its applications to the Department in the middle of June 2023?

MS. LASHER:

Yes, the application window opened on June 15 and applications were not approved or denied until July 1.

ASSEMBLYMAN YEAGER:

Is it fair to say that it was right around the beginning of June 2023 when the SGOs learned the Department had changed its application process? Were you the actual person who turned in the AAA's applications?

MS. LASHER:

That is correct. Myself and one other individual from the AAA went to the Department in person and turned in the applications.

ASSEMBLYMAN YEAGER:

When you went to the Department, did you have physical copies of the applications that were requesting approval of tax credits under the program?

MS. LASHER:

That is correct.

ASSEMBLYMAN YEAGER:

Were you also aware that the statutory cap of \$6.7 million was in effect for the upcoming year?

MS. LASHER:

Yes, I knew what the statutory cap was pursuant to law.

ASSEMBLYMAN YEAGER:

How much in tax credits was being requested in the applications that the AAA submitted to the Department?

MS. LASHER:

Each company that donates to the AAA fills out its own individual application, with the AAA turning in approximately 30 applications requesting a total of about \$11 million in tax credits.

ASSEMBLYMAN YEAGER:

Even if the AAA did not know how many other SGOs were applying for tax credits, it knew that if the Department approved all its applications, it would be taking the maximum amount of tax credits that could be issued (\$6.7 million). The AAA also requested another \$3.5 million beyond the statutory cap. Is that correct?

MS. LASHER:

That is correct.

CHAIR MONROE-MORENO:
Are you a resident of the State of Nevada?

MS. LASHER:
No, I am not.

CHAIR MONROE-MORENO:
Were you already in town, or did you fly into Nevada to submit the AAA's applications to the Department?

MS. LASHER:
I flew to Nevada from Florida, which was unplanned. I also did not bill the AAA for my trip and paid for the travel expenses out of my own pocket.

ASSEMBLYWOMAN BACKUS:
On behalf of the AAA, you submitted approximately 30 applications to the Department that requested a total of \$11 million in tax credits. How did the process work for the businesses that made the donations, as some of them would not have received tax credits based on the statutory cap?

MS. LASHER:
Each donating business fills out an application, with each business being approved for tax credits until the statutory cap is reached. Once the statutory cap is reached, the remaining applications are entered into the Department's system in what I assume is the order that they were received. The AAA then notified the businesses that were not approved for tax credits.

ASSEMBLYMAN WATTS:
I have some concerns based on your responses to Assemblyman Yeager's questions. The AAA knew that the statutory cap was in place, and it knew that the amount being requested in its applications would exceed that cap. The AAA also knew that other SGOs would be applying for the tax credits, so it had to have known that it would take all the available tax credits if it ended up being first in line to submit its applications. You also stated that the AAA received guidance from the state regarding extending the use of the funding, with the other SGOs also stating that it was their understanding that the funding needed to be moved out into the community and not retained in reserves. Please submit any records the SGOs have regarding this process to the Committee, as there seems to be a significant discrepancy behind how the SGOs are interpreting the guidelines. It would be helpful for the Committee to understand what has been communicated to the SGOs regarding the process.

Additionally, the statutory language that was put in place in 2019 has been revised since that time. The documentation submitted to the Committee states that the AAA's goal was to serve 850 students totaling approximately \$5.2 million in scholarships during the 2023-24 school year. The AAA was then awarded the full \$6.7 million, so it will have another \$1.5 million in carryover funds by the end of the school year. Is that correct?

MS. LASHER:

I have not done the calculations, but whatever amount was left over after the scholarships were utilized would go into the AAA's reserve funding. I explained earlier why the AAA utilizes its reserve funding. The head of the AAA is a certified public accountant with over 20 years' experience in the field, and she has previously been in the same position that Silver State is currently in and knows how painful it can be to have to let families know there is not enough funding to provide scholarships for their children. To ensure the continuity of education for students, the AAA maintains reserve funding in case it is not approved for any tax credits next year. There are many tax credit programs throughout the country, and I would be happy to provide the Committee with suggestions on how to improve Nevada's Opportunity Scholarship program.

ASSEMBLYMAN WATTS:

The process does appear to be broken and inefficient and needs improvement. Please follow up with the Committee and provide information on what the AAA is projecting to add into its reserves by the end of FY 2024 and why it believes that reserve level is appropriate. I was previously involved with nonprofit organizations and know that maintaining three months' worth of reserve funding is an accomplishment; having six months' worth of reserve funding is tremendous. The AAA has more than three years' worth of reserves, which is beyond excessive for most state agencies and other organizations that I know of.

The AAA could decide to provide the other SGOs with funding this school year. It also seems like if the AAA can align its applications with demand during the next fiscal year, it could provide additional funding to the other SGOs at that time. In the worst-case scenario, the AAA would still have more than two years' worth of reserve funding left over. Even though what is going to happen next fiscal year cannot be predicted, if the AAA ends up being first in line again and receives all the available tax credits based on the current process, it will still end up with over \$10 million in carryover funds heading into the next biennium. Certain policies can also be analyzed at that time to address some of the systematic issues. Would the AAA be willing to move down from a three-year operating reserve to a two-year operating reserve to make sure that all renewing students from the other SGOs can continue receiving scholarships?

MS. LASHER:

I will provide information to the Committee on the direction the AAA received from the state regarding how it should use one-time funding. Funding for the Opportunity Scholarship program is only provided once a year and there is no guarantee the SGOs will receive funding, which can prove difficult for the SGOs. This is different than other nonprofits that are receiving continual donations and private funds. Regarding government entities such as public schools, there is a requirement that the state fund them, and for good reason. As a result, public schools do not need to maintain two- or three-years' worth of reserve funding, whereas the AAA does not know year-to-year whether it will receive funding. The AAA's families and donors appreciate that the organization maintains reserves as this establishes continuity of students' education, with many donors stating this is the reason why they like to donate to the AAA. I will also provide the Committee with the communications that the AAA received from different entities in the state, including the

email notification from the Department stating that applications must be presented in person or by mail.

ASSEMBLYMAN WATTS:

Please also provide information regarding any internal guidelines that the AAA follows to maintain reserve funding. Many state agencies receive funding in one lump sum, and usually only maintain a 12-month reserve. Hearing that the AAA maintains multiyear reserves as a standard practice is a completely new concept to me, and I feel that the organization can utilize its reserves while still maintaining its high ratings. Regarding the uncertainty of whether tax credits will be available in future fiscal years, the \$6.7 million in annual tax credits is guaranteed in statute to be available every fiscal year to support the program.

What is the lowest amount of funding that the AAA has received in a fiscal year?

MS. LASHER:

Excluding year one when this was a brand-new program, the lowest amount of funding that the AAA received occurred when the COVID-19 pandemic hit and donors did not have a tax liability, cutting their contributions significantly – the AAA received approximately \$2 million that year. The AAA did not solicit businesses for their donations during that time because it knew the economy was hurting, but fortunately it had reserves to rely on and did not have to cut any scholarships. The AAA has never had to cut a scholarship in Nevada.

ASSEMBLYMAN WATTS:

Is it correct that even during the most extraordinary times of the COVID-19 pandemic, the lowest amount of funding that the AAA received was \$2 million?

MS. LASHER:

That is correct.

SENATOR DONDERO LOOP:

The information that the AAA submitted to the Committee states that it also has offices in Arizona, Florida, and Georgia. Are the rules and laws pertaining to opportunity scholarships the same in those states as they are in Nevada?

MS. LASHER:

Some of the laws from the other states are not as strong and do not require the same level of accountability that Nevada does. When the Opportunity Scholarship program was originally created in 2015 and the legislation was first being drafted, I and several other people worked very hard to ensure the program included accountability. The way that the tax credits and application process were set up in Nevada was the gold standard at that time, but other states have made modifications to their version of the program over the years. In Nevada, the Opportunity Scholarship program has become a highly charged and political topic, and it is very difficult to have conversations about making changes. Moving forward, I hope that representatives from the AAA will be given the opportunity to

have discussions with the Committee to provide ideas on how things could be improved in the program, especially regarding applying for tax credits.

SENATOR DONDERO LOOP:

You mentioned that you paid for your own travel expenses when you flew to Nevada to submit the AAA's applications to the Department. Are you being paid to be here today? Do other states pay for your travel when you are visiting those areas for business? As much as I love education, I cannot imagine paying for my own travel if I was flying all over the United States for business on behalf of a company.

MS. LASHER:

I am here today representing the AAA because I have been around since the program's inception, and the director and I used to work together with another SGO. I did bill the AAA for the travel expenses involved with my being here today, but I am not being paid a consultant fee to be here. I also did not charge the AAA a consulting fee when I was in Carson City earlier this year. I am here because I love the Opportunity Scholarship program and have been a part of it since the beginning, and I am invested in the program and want to ensure it operates efficiently in Nevada.

SENATOR DONDERO LOOP:

Do you only work in Florida and Nevada?

MS. LASHER:

That is correct.

SENATOR DONDERO LOOP:

Can the funding that the AAA has in reserves be used in another state?

MS. LASHER:

No, the funds that are raised in Nevada can only be spent in Nevada pursuant to law. The funds are segregated into different accounts, and the AAA is successfully audited every year.

SENATOR DONDERO LOOP:

Why can the AAA's funding not be shared with the other SGOs? I always say, "until it is your kid." People may do things differently when their own children are involved. I have raised three children and have five grandchildren, and they all have been educated differently. By trade, I am also a teacher in Nevada's public school system. If the funding that the AAA has in reserves came from Nevada entities, why is it not sharing even a portion of it with the children that it states to passionately care about?

MS. LASHER:

I cannot provide the Committee with an exact number, but the AAA will most likely have openings to fund renewing students from other SGOs during the upcoming school year. I can also provide information from the AAA regarding the formula it uses when determining how much funding to place in reserves. It is not guaranteed that the AAA will

receive funding again next year, and it needs to ensure the families and students that it currently serves have continuity in their education.

SENATOR DONDERO LOOP:

I understand, but I still think that if the AAA truly cared about students, it would share some of its reserve funding to prevent students from other SGOs from losing their scholarships.

You mentioned earlier that some of the applications that the AAA submitted to the Department were not accepted. Were all the scholarships submitted under the same name? How does that process work?

MS. LASHER:

Each application is for a specific company and not all the applications received tax credits. Additionally, there was not sufficient tax credits for all the applications the AAA had submitted, but the AAA does not know for certain how much funding will be awarded because the businesses making the donations have 30 days to remit their money. After funding is remitted, the AAA notifies the Department that the businesses made their donations in a timely manner, and the Department provides the businesses with the documentation needed to file their tax returns.

SENATOR DONDERO LOOP:

Is there a list of the applications that were denied or accepted? The businesses are being provided with state funding in the form of tax credits, so I assume that information should be public.

MS. LASHER:

Like tax return information, tax credit programs are confidential and not public information.

SENATOR DONDERO LOOP:

Could the AAA grant this information to the Committee upon request?

MS. LASHER:

The AAA could only share that information if a business gives it permission to do so.

ASSEMBLYWOMAN BROWN-MAY:

The application process for the Opportunity Scholarship program has changed back to the way it operated prior to the COVID-19 pandemic, with the Department notifying the SGOs about this change two weeks before the last application window opened. What was the plan behind communicating this information to the SGOs? Were the SGOs indeed only given two weeks' notice of the change? If it was known that there were six SGOs that had previously received tax credits for scholarships, was any consideration given by the Department that some of the SGOs may have been in line or arrived at the same time to submit their applications? What about the postmarking of the applications? Why is it that the representative that was literally standing first in line received all the

available tax credits? Can awards be reallocated based on applications from multiple SGOs being submitted on the same day?

JEFFREY MITCHELL (Deputy Director, Department of Taxation):

The email regarding the change to the application process was sent out to the SGOs on June 6, 2023. Statute states that applications must be processed in the order in which they are received. To provide fairness to the different SGOs, the Department determined it would be best to have applications submitted in person so that applications could be date and timestamped accordingly.

ASSEMBLYWOMAN BROWN-MAY:

If the Department knew that six SGOs had previously applied for tax credits and saw that there were multiple people standing in line at the same time, why was no consideration given to the fact that there were multiple applicants who may have arrived at the same time?

MR. MITCHELL:

Even if representatives from the SGOs were standing in line at the same time, all the applications could not be date and timestamped at the exact same moment, and the Department thought it best to process and receive the applications based on the order in which the SGOs were standing in line.

ASSEMBLYWOMAN BROWN-MAY:

Given that the Department knows there are six SGOs that previously received tax credits and that three of the SGOs need additional funding to help Nevada's students, can the Department reallocate the approved tax credits to ensure that students have access to adequate funding?

MR. MITCHELL:

I do not believe the Department can reallocate the approved tax credits based on the statute stating the applications must be processed in the order they are received.

ASSEMBLYWOMAN BROWN-MAY:

How is the Opportunity Scholarship program executed statewide? Is prioritization given to businesses that have previously applied for tax credits, and is that also done on a first come, first serve basis?

MR. MITCHELL:

The Department does not prioritize businesses that have applied previously and processes applications in the order they are received.

ASSEMBLYWOMAN BROWN-MAY:

The Injured Police Officer's Fund (Fund) has previously received tax credits, some of which were converted into funding for scholarships to support the families of fallen police officers. Even though they are supporting the families of fallen police officers, do the

applications submitted by SGOs such as the Fund for businesses that have previously received tax credits still not receive prioritization?

MR. MITCHELL:

That is correct. No prioritization is given to businesses that have previously applied for tax credits.

SENATOR NEAL:

During any previous application cycles, has there ever been an SGO that has come in and flooded the gates with 24 applications and taken all the available tax credits, or was this the first year that has occurred?

MR. MITCHELL:

I do not believe this has occurred before, as the additional one-time annual tax credits that were approved in previous fiscal years always ensured enough tax credits were available.

SENATOR NEAL:

Even though the AAA was first in line, was the Department concerned at all when it saw that the SGO was about to submit 24 applications from different companies? Based on the number of applications being submitted at one time, it appears that the AAA's applications were coming from one company, not 24 different companies. Is there anything in the rules that states the individual companies must fill out their applications themselves, or can they have a surrogate such as an SGO fill out the application for them?

MR. MITCHELL:

Due to confidentiality standards, I cannot disclose actual company names with regards to the applications received. There is no way for the Department to process and verify the different amounts being requested in the applications upon their receipt without resulting in a severe delay. It did not appear out of the ordinary for the Department to receive 24 applications at the same time from 1 SGO.

SENATOR NEAL:

How can applications for 24 different businesses be inured to 1 SGO? It seems like the AAA is filling out the applications on behalf of the businesses.

MR. MITCHELL:

The applications are timestamped and processed in the order they are received based on who is first in line to submit the applications, not by the businesses that filled out the applications.

ASSEMBLYMAN MILLER:

Stakeholders are concerned that there is not enough funding to prevent students from being kicked out of their current schools. Ms. Lasher, who is here today representing the AAA, mentioned that she holds the Opportunity Scholarship program in high regard, so

much so that she is not being paid a consultant fee to be here. Does the AAA believe that the students from the other SGOs not receiving tax credits should not have the ability to return to their schools?

MS. LASHER:

I believe those students should have the ability to return to their schools, and this request submitted by the Governor's Office is seeking to ensure that outcome.

ASSEMBLYMAN MILLER:

Certain applications are still being processed and it is not completely clear which students will be receiving scholarships to return to their current schools. Will the AAA commit to working with the SGOs that did not receive any funding to renew scholarships for eligible students and report back to the Committee at its October 11, 2023, meeting? The issue can be addressed at that time if there are still eligible students in need of a scholarship.

MS. LASHER:

I am a volunteer and not the chief executive officer (CEO) of the AAA, and as such, I cannot make such a commitment. The AAA wants to serve as many students as possible.

ASSEMBLYMAN MILLER:

I am sure the AAA's directors are watching this meeting, and I ask that you initiate a conversation with them to determine whether they will commit to providing funding for students from the other SGOs.

MS. LASHER:

I agree that the AAA's directors are listening to the meeting and want to help as many students as possible within the parameters of how they operate and the stability of this program. The proposal before the Committee would assure that these students are served this year. However, what happens next year when more funding is needed?

ASSEMBLYMAN MILLER:

You are correct that there is a proposal before the Committee today requesting additional funding for students, but there is also already a process in place to ensure students will be able to return to their schools. However, the AAA usurped that process to ensure that all its renewing students would stay inhouse. I would like for you to connect with the CEO and directors of the AAA to find out if they, in good faith and in the passion of caring for the children that they are fighting so hard for, will ensure that the AAA will work with the other SGOs so that their renewing students can also return to their schools. The Committee has already done its job to ensure that these students can return to their schools. I am asking the AAA, in good faith and in partnership with the great State of Nevada, and for the children and future of the state, to commit to working with the other SGOs.

There may already be crossover and duplicate efforts amongst the SGOs, and what is being requested today may not represent actual need. After collaborating with the other SGOs, I would like for the AAA to come back before the IFC at its October 2023 meeting to report on how many students were able to be funded and how many are still in need of additional funding – only then will I believe there is a real issue. As of right now, the money has been allocated to the AAA, and students from other SGOs can apply with the AAA to receive a scholarship. Even if these students have already applied with another SGO, I believe that one SGO has the authority to provide funding to another SGO. I am sure that a process exists by which the AAA can help the renewing students of other SGOs.

MS. LASHER:

Your request requires more than a yes or no answer, because even if the AAA accepts renewing students from other SGOs, those students still need to meet income guidelines and must fill out an application. The AAA then must review all their financial data to make sure that they qualify for a scholarship before school starts.

ASSEMBLYMAN MILLER:

The students from the other SGOs will meet the eligibility parameters of the program – if not, they would not even be considered for inclusion.

MS. LASHER:

School starts this week or next for a lot of schools, and families need to know before October if their children are going to receive a scholarship. The AAA needs to determine how many students it can add based on current funding levels before opening its application process to the students from other SGOs. The AAA will then have to verify all the financial documentation, because even though a family claims their child qualifies for the program, it still needs to be proven.

ASSEMBLYMAN MILLER:

I want you to say on the record that you will have a discussion with your superiors at the AAA to figure out if there is a process that can be undertaken to expedite notifying families of whether their child has been approved for a scholarship. This issue may be a result of the AAA approving families for scholarships without knowing when their application will be received or where the money is going to come from until after the school year has already started. The AAA already has enough funding to help renewing students from other SGOs, and I want the organization to commit to working with other SGOs to determine which students are eligible for the program so that they can be funded immediately, with the numbers then being readjusted again in October, if necessary, based on actual need.

MS. LASHER:

The AAA will work with the other SGOs to let them know when it is going to open its application process to returning students and will work diligently to review and approve the applications. I have no authority to tell the Committee how many applications the

AAA can accept because the number of openings that would be available still needs to be determined.

ASSEMBLYMAN MILLER:

I am sure that the CEO of the AAA can make these decisions quickly, and I know when organizations are stalling or want to get things moving along. As soon as possible, I would like for the decisionmakers at the AAA to have a conversation on what can be done to alleviate the concern that some students will not be able to immediately return to school. After that happens, the Committee can begin to address some of the other issues associated with the program. If there is in fact a full deficit of students who are not eligible to return and the AAA does not have the money to handle that issue, it can come back to the Committee in October to request more funding based on actual need and crossover efforts with the other SGOs. It does not make sense for the Committee to approve more funding today on top of what it has already approved for scholarships.

ASSEMBLYMAN O'NEILL:

When a business donates money to be used for a scholarship in exchange for tax credits, can it control which school in the community or which student receives the scholarship?

MS. LASHER:

Like other nonprofit organizations, the AAA generally allows businesses to direct funding to certain regions in their communities. However, by law, businesses cannot stipulate that their donations be used for certain students or specific schools.

ASSEMBLYMAN O'NEILL:

If the AAA wanted to share its reserve funding with other SGOs, would it have to go back and contact each business that donated money to get approval for their donation to be transferred to a different region? How long would that process take?

MS. LASHER:

The AAA would have to ask a donating entity for permission to redirect funds if the donation was meant to provide a scholarship in a certain area, with the process taking at least a few days.

ASSEMBLYMAN O'NEILL:

Do the other SGOs have reserve funding?

MS. LASHER:

I do not know whether the two other SGOs that are not asking for money have reserve funds. There is one application for each donating business – the business fills out their application, signs it, provides it to the SGO, and the SGO turns it in to the Department on behalf of the business. The SGOs do not falsify anything on the applications. When the AAA submitted the applications on behalf of its businesses, it did not know the reserve levels of the other SGOs and figured they were all operating similarly to the AAA.

ASSEMBLYMAN O'NEILL:

Can the Committee ask the other SGOs what their reserve levels are?

CHAIR MONROE-MORENO:

The other SGOs have already stated what their reserve levels are. The AAA reported a reserve level of \$13,425,691, and with the additional money it received for the 2023-24 school year, its balance is now approximately \$21 million. The reserve level of America's Scholarship Konnection is \$85,054. The reserve level of the Education Fund of Northern Nevada is \$4,196,214. The Injured Police Officer's Fund testified earlier that it had money that was returned to it, so its reserve level is now at \$16,830. Silver State's reserve level is \$379,545, and the Student Choice Fund of Nevada has approximately \$300,000 in reserve funding – the bulk of available funding is with the AAA.

ASSEMBLYMAN O'NEILL:

It appears that the AAA has budgeted properly and is requesting enough funding to ensure that its students can continue receiving a scholarship until they graduate. I would like the issue of the other SGOs not having enough funding to be resolved today instead of waiting until October so that students do not get kicked out of their schools, only to return to their school of choice once there is adequate funding. Is there a way to approve this funding today while still readdressing the issue in October, and if necessary, reassign or clawback funding at that time? Many members of the Committee are used to addressing issues immediately, and I do not understand why it would be suggested to wait until October to resolve this issue.

There were three bills from the 2023 Legislative Session, one in the Senate, one in the Assembly, and one sponsored by the Governor, all dealing with Opportunity Scholarships and of which the Senate and Assembly bills were not heard. Adequate funding for the SGOs should be approved today, with the budgeting practices and sharing of funds among the SGOs being discussed further in October.

CHAIR MONROE-MORENO:

The system that is in place would work if all the SGOs had received the same amount of funding that they did in previous years, as this is the first year that funding has run out with only one SGO receiving funding. It does not make sense for the AAA to have three years' worth of reserve funding while the other SGOs do not come close to that amount. I do not believe the other SGOs mismanaged their money because they are all in the same situation, which is the result of the AAA taking all the available funding from the other SGOs looking to serve Nevada's children. This is not an emergency, and the issue can be resolved immediately because the funding is already there – one SGO just happened to take all the funding that would have been available. I am not comfortable approving \$3.2 million in ARPA funds to address the issue when the AAA has over \$20 million in funding.

ASSEMBLYMAN O'NEILL:

I respectfully disagree on parts of that statement.

ASSEMBLYWOMAN GORELOW:

The AAA reported a reserve level of \$13,425,691. Having that amount of money in a regular account with a 5.0% interest rate yields approximately \$650,000 a year, and that is without any additional money being deposited into the account. What is the AAA doing with the \$650,000?

MS. LASHER:

Any interest that is earned on reserve money must be put toward scholarships, and none of it is spent by the SGO on administrative costs or similar expenditures.

ASSEMBLYWOMAN GORELOW:

I fail to understand the AAA's hesitation to provide funding to the other SGOs, because \$650,000 at an average cost of \$6,000 per student can provide over 100 scholarships; according to the calculation, it can provide 108.3 scholarships. I am not going to ask, I am going to tell the AAA to work with the other SGOs to fix this issue, as it could easily take \$3.2 million plus the \$650,000 from its reserves to help the other SGOs. I do not understand why the AAA is coming before the Committee and asking Nevada's taxpayers to fund its greed. The AAA knew it did not need additional funding based on its previous budgets, and why it would purposely take all the available tax credits, other than to exploit a loophole, is beyond me. When I do the budgeting for the nonprofit organizations that I work for, I look at who has been served and I figure in approximately how many more students or families I am going to be able to serve, and that becomes my budget. I would not go to a grantor and ask for its entire budget, and in my experience applying for funding, no grantor has ever given its entire budget to one group.

SENATOR SEEVERS GANSERT:

This seems to be a capacity issue, because even though the SGOs have no problem bringing in businesses that want to donate money for Opportunity Scholarships, there is not enough available in tax credits. How many applications for tax credits did the Department receive this year?

MR. MITCHELL:

The Department received 63 applications for tax credits this year.

SENATOR SEEVERS GANSERT:

What was the total dollar amount of tax credits that businesses were requesting to use against their Modified Business Tax payments?

MR. MITCHELL:

The total dollar amount of tax credits requested was \$13,994,000.

SENATOR SEEVERS GANSERT:

The Department has requests for \$13,994,000, but the statutory cap regarding the maximum amount of tax credits that can be issued this year is \$6.7 million, which would fund approximately half of the requests. Is that correct?

MR. MITCHELL:
That is correct.

SENATOR SEEVERS GANSERT:

The Opportunity Scholarship program is first come, first serve, and the SGOs have five years to spend the funding. The Department also cannot clawback or reallocate any of the funding and it cannot force the SGOs to award scholarships. Because the SGOs are nonprofit organizations, NRS 388D.270(1)(d) states that the limit on overhead administrative expenses must be less than 5.0%. Is that correct? Due to these limitations, I do not believe the SGOs are vying to make money off the program, with the current request being meant to ensure there is adequate funding for the SGOs to continue providing scholarships.

MR. MITCHELL:

The Department actually received 64 applications for tax credits this year. Unfortunately, I cannot speak to the statutory cap on overhead administrative expenses for nonprofit organizations.

CHAIR MONROE-MORENO:

It is wonderful to know that certain nonprofit organizations have a philanthropic heart. However, if additional tax credits were granted for the Opportunity Scholarship program, then funding would have to be reduced in the State General Fund and other funding would be needed to fund other General Fund initiatives.

ASSEMBLYWOMAN BACKUS:

Even though representatives from the SGOs lined up to submit their applications to the Department on June 15, 2023, NAC 388D.060(1) states that each of the six SGOs shall notify the Department in writing not more than ten days after receiving a donation from a taxpayer what the amount of the donation is, pursuant to NRS 363A.139 or NRS 363B.119. As a result, is it true that prior to June 15, 2023, the Department had a good idea regarding which businesses elected not to pay a portion of their Modified Business Tax and instead elected to donate those funds?

MR. MITCHELL:

The SGOs are required to register with the NDE pursuant to NAC 388D.030. Even so, the Department does not have advance knowledge of the donation amounts the SGOs have received before the applications are submitted because donations are not made by taxpayers until the applications are approved.

ASSEMBLYWOMAN BACKUS:

It appears that NAC 388D.060 is not being adhered to. *Nevada Revised Statutes* 363A.139 governs how the Department approves or denies applications, but it does not mandate that the applications are approved in a certain order. The Department could have instead offered a pro rata share of the tax credits to all 64 applicants from the \$13,994,000. Is that correct?

MR. MITCHELL:

Under NRS 363A.139(3), the Department shall approve or deny applications for tax credits authorized by NRS 363A.139(1) in the order in which the applications are received. With that, I do not believe the Department has the authority to retroactively reallocate funding, and it must approve or deny applications based on the order they are received.

ASSEMBLYWOMAN BACKUS:

On June 6, 2023, the day after sine die of the 2023 Legislative Session, who directed the Department to change the procedures by which the SGOs were required to submit the applications for tax credits? If the Department had already approved the first 24 of the AAA's applications, why did it even bother processing the other 40 applications?

MR. MITCHELL:

The Department received the SGO's applications by email during the COVID-19 pandemic before requesting that the applications be delivered in person at the beginning of 2023. The Department believes that requiring applications to be submitted in person is fairer and more equitable for the SGOs considering that statute requires applications to be processed in the order they are received. There are many different reasons as to why the SGOs may not have yet received the donation amounts shown in the applications, one of which deals with forfeited credits. As such, applications are processed and outlined in the order they are received before being approved or denied.

ASSEMBLYWOMAN BACKUS:

Who directed the Department to change its procedures nine days before the application deadline? If the Department had all the applications listed out to be processed, could it have denied certain applications while approving others?

MR. MITCHELL:

The Department was not directed by anyone to change its procedures. The change to how applications were accepted was instead an internal decision made between myself and staff.

ASSEMBLYWOMAN BACKUS:

It appears that the Department had a list of all 64 applications prior to granting approval or denial. Could the Department have denied some of the first 30 applications it received to approve more funding for the remaining applications?

MR. MITCHELL:

Pursuant to statute and based on the amount of available tax credits, the Department approves or denies applications in the order that they are received.

Chair Monroe-Moreno called a recess at 8:07 p.m. The Committee reconvened at 9:20 p.m.

CHAIR MONROE-MORENO:

Valuable information has been put on the record today regarding the Opportunity Scholarship program. With that, I will entertain a motion on Agenda Item F.

ASSEMBLYMAN WATTS:

It is clear from what has been discussed today that the Opportunity Scholarship program is broken, and that the Committee needs to address this issue. Funding is already available to support all renewing students. Unfortunately, \$13,425,691 is being held by an out-of-state SGO. The AAA Scholarship Foundation (AAA) has the ability to work with the other SGOs to be a team player for Nevada and ensure that every student that is currently receiving an Opportunity Scholarship can continue to go to the school of their choice in the upcoming school year.

ASSEMBLYMAN WATTS MOVED TO NOT APPROVE AGENDA ITEM F.

SENATOR DONDERO LOOP SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

The demand for Opportunity Scholarships far outweighs the statutory cap that has been placed on the program. The Department received applications requesting \$13,994,000 in tax credits, but the statutory cap regarding the maximum amount of tax credits that can be issued this year is \$6.7 million, which would fund approximately half of the requests. There are only 1,402 students currently enrolled in the Opportunity Scholarship program. Through Agenda Item F, the NDE is only requesting \$3.2 million to provide scholarships to approximately 350 low-income children. The requested funding will not come from the State General Fund as it is ARPA funding, and the Committee would not be taking any funding away from public schools if it approved the request.

The average income for families to qualify for the Opportunity Scholarship program is approximately \$56,000, meaning they cannot afford to send their children to private schools if their local school does not work for them. The different SGOs have stated that certain local public schools are not working for families, which is why these families have worked so hard to turn in their paperwork and go through the process to get a scholarship, sometimes applying with more than one SGO to do so. The state spent about \$12 billion on K-12 education for the 2023-25 biennium, and \$3.2 million in ARPA funds, not General Funds, is a drop in the bucket to help low-income families. The first come, first serve nature of the program does not work, and if the statutory cap was higher, enough funding would be available for all students.

The AAA was planning for the long term, which is why it has \$13,425,691 in reserves; two other SGOs were planning for the long term and had reserve funding as well. The Department cannot clawback or reallocate any of the funding and it cannot force the SGOs to award scholarships. The current decision is whether the Committee is going to kick students out of their schools, as it said it did not want to do, or if it is going to provide funding that is readily available and is being requested through Agenda Item F to ensure

students can stay in the schools that best suit them and that they are already attending. There are still 350 students for which there is not currently enough funding to provide a scholarship, so I am going to be a resounding nay vote to the current motion.

SENATOR GOICOCHEA:

I agree that there is a lot of work to be done on the Opportunity Scholarship program, but I do not think the SGOs that are holding onto reserve funding are doing anything illegal. There is also no ability to clawback funding, and without the appropriation of \$3.2 million in ARPA funds, there are clearly students that will not be able to access the program. As a result, I will be opposing the motion.

SENATOR TITUS:

I will also be opposing the motion. It was disappointing to see the Committee berate and make villains out of the SGOs that are trying to help Nevada's students, because the state's public education system has failed them; the SGOs are trying to do the good that the state has failed to accomplish. The \$3.2 million in ARPA funds being requested will not come from the General Fund and will go toward helping students. The AAA did not intentionally take funding away from the other SGOs, as there are laws that mandate the SGOs maintain reserve funding levels. The SGOs were asked unfair questions today, and a light has been shone regarding how the Opportunity Scholarship program can be reformed. This issue cannot wait until the October IFC meeting to be resolved, as school starts in a couple of weeks. Students who cannot afford to go to another school need a decent education, and the Committee has an opportunity to help them today.

ASSEMBLYMAN KOENIG:

As a Nevada Legislator, I always strive to do what is best for the people, as can be seen by my voting record. There are some obvious deficiencies in the Opportunity Scholarship program, and I am sure that every member of the Committee agrees that changes need to be made. One of Governor Lombardo's key campaign issues was Opportunity Scholarships, but the legislation he came up with to strengthen the program was never supported by the Legislature's Democrat majority. Senator Seevers Gansert sponsored S.B. 220 (2023 Legislative Session) and Assemblyman Hafen also had a bill last session dealing with Opportunity Scholarships, neither of which even got a hearing. The Legislature has had the ability to improve the program but seems to have opposed Opportunity Scholarships from the beginning.

Much time was spent during today's meeting pinning down an exact number of how many students are going to be affected, and I do not know how many students are going to have to get kicked out of their schools before the Committee will consider approving the funding; some students may be kicked out of the school they have been attending for years. I thought the Committee was going to vote on whether to approve ARPA funding to supplement Opportunity Scholarships, but this turned into a completely different discussion. The Governor, after being told by the Legislature that there was not enough funding for Opportunity Scholarships, found another way to supplement the program in an effort to get things done – the Legislature still did not approve. Schools starts Monday, and many students are not going to be able to attend their school of choice because they

cannot afford it. The Committee needs to consider what is best for its constituents and students and take politics out of the equation.

ASSEMBLYWOMAN DICKMAN:

Many unforeseen issues have come up since the 2023 Legislative Session that are affecting the Opportunity Scholarship program. There seems to have been a perfect storm of events that can potentially cause hundreds of children's lives to be in upheaval. While the Opportunity Scholarship program needs fixing, the situation is not the fault of students, and their lives should not be uprooted. The Committee has the opportunity to fix this problem in the near term and should approve this funding for the benefit of students. I will be opposing the motion.

ASSEMBLYMAN O'NEILL:

I agree with my colleagues' comments and am very disappointed the Committee is not using this opportunity to make a difference in the lives of students. Nothing is perfect, and even though there are problems with the statutes, they have been in place long enough, and I feel sorry for the students that the process we have is not working for them. I will also be opposing the motion.

ASSEMBLYWOMAN JAUREGUI:

In addition to the \$6.7 million in tax credits the AAA Scholarship Foundation (an out-of-state organization) received this year, it has \$13,425,691 in reserves, which is enough funding to provide a scholarship to 2,250 students at a cost of \$6,000 per scholarship. In total, the AAA has approximately \$20.2 million that it can use to provide nearly 3,000 students with a scholarship. Certain members of the Committee have stated that if the maximum amount of tax credits that could be issued was increased from \$6.7 million to \$10 million, then there would be no shortage of Opportunity Scholarships. However, the truth is that the situation would be the same because the AAA went to the Department with \$11 million worth of requests and applications. During the 2023 Legislative Session, the Governor consistently stated that one-time funding should not be used to fund ongoing requests, which is exactly what this request would do. I will be supporting the motion to not approve Agenda Item F because I believe this is a manufactured crisis and I cannot support providing more money for Opportunity Scholarships when enough funding is already available.

CHAIR MONROE-MORENO:

I agree that even if the maximum amount of tax credits that could be issued was increased, the situation would remain the same. I am very disappointed regarding the current status of the Opportunity Scholarship program but am encouraged that we all collectively agree that this is a problem that needs to be addressed. Adequate funding for the program is already available, as the AAA has \$13,425,691 in its reserves, which is more than enough funding to stabilize the scholarships that it is already providing. However, a representative from the AAA instead chose to fly in from out of state to submit a request to take all the available tax credits, leaving out the other SGOs from Nevada, and knowing full well that this would hurt Nevada's students. The Committee as a

legislative body is not pulling the rug from under these students – this is instead a failure in the process that must be fixed.

The AAA stated it would be willing to work with the other SGOs to ensure adequate funding was available to provide scholarships for all renewing students. While I hope this happens, it is the Committee’s job to be fiscally responsible with every dollar that comes into the state. If the Committee were to approve this request to provide adequate funding for the 2023-24 school year, approximately \$20 million would still be held by the AAA, and the Committee would need to come up with another solution a year from now. While I hope the AAA does the right thing for students, I believe it intentionally tried to cause harm by taking all the available tax credits to make sure that it would be the sole SGO responsible for controlling Opportunity Scholarships in the State of Nevada.

I hope that I and other members of the Committee can return to Carson City for the 2025 Legislative Session and work together to fix this problem so that the state is never in this position again. This is not a political issue, as every student, regardless of where they come from, the color of their skin, or the economic situation of their family, deserves a quality education. Collectively, every member of the Committee wants all children in the state to have a quality education and it pains me to have to make this decision. However, my job as the Chair of the IFC and the Chair of the Assembly Committee on Ways and Means is to make a fiscally responsible decision for the State of Nevada that does not give into a manufactured crisis. It is alarming that the way in which the SGOs are required to apply for, and access tax credits was changed only one day after the 2023 Legislative Session ended, and even more alarming that the AAA was first in line to ask for all the available funding.

THE MOTION PASSED. (Senator Goicoechea, Senator Seevers Gansert, Senator Titus, Assemblywoman Dickman, Assemblyman Hafen, Assemblyman Koenig, and Assemblyman O’Neill opposed the motion.)

G. AMERICAN RESCUE PLAN ACT, CORONAVIRUS STATE FISCAL RECOVERY FUNDS.

1. 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, LCB):

Agenda Item G.1 pertains to the statement of American Rescue Plan Act, Coronavirus State Fiscal Recovery Fund obligations and remaining reserve balances. The statement can be found in Volume 1 of the meeting packet, beginning on page 275 ([Exhibit A](#)).

Eight work programs were submitted for consideration today under Agenda Items F and H. However, the seven work programs submitted under Agenda Item H were all withdrawn. These seven work programs are anticipated to be resubmitted at a later date when it can be demonstrated that there is sufficient authority within the COVID-19 Programs budget to support those requests. The remaining work program that will be considered today is under Agenda Item F and will allocate \$3.2 million for support of the Nevada Educational Choice Scholarship Program. This work program would allocate the remaining authority under the \$100 million that was set aside to support state agencies. Therefore, none of the requests impact the overall unobligated balance of Coronavirus State Fiscal Recovery Funds which remains at approximately \$3.3 million as displayed on the statement.

Pages 276 through 286 ([Exhibit A](#)) detail the obligations approved to date, including the actions taken during the 81st and 82nd Sessions of the Legislature as well as actions approved pursuant to the State Budget Act under Chapter 353 of the *Nevada Revised Statutes* (NRS). The seven items under Agenda Item H which were withdrawn are summarized on page 286.

On pages 287 through 294 ([Exhibit A](#)), the breakdown statement for select obligations of Coronavirus State Fiscal Recovery Funds is presented and discusses the allocations of the \$100 million in authority for state agencies. Since the June 14, 2023, IFC meeting, there have been seven work programs approved by the Governor's Finance Office (GFO), displayed with the dates of July 5 and July 14 as shown on pages 294 and 295 ([Exhibit A](#)), that did not require consideration by the IFC as noted on the statement. As previously noted, Agenda Item F would allocate \$3.2 million for support of the Nevada Educational Choice Scholarship Program under this bucket as shown on page 294. At this time, and as displayed on the statement, if the Committee approves Agenda Item F as requested, there would be insufficient authority within the \$100 million set aside for state agencies to fully fund the request; the funds would be exceeding the \$100 million by \$23,832. This would mean that if approved as requested, the Governor's Finance Office (GFO) would need to either identify prior program allocations in which there is savings to offset the difference or submit a work program to increase the expenditure authority within the COVID-19 Programs budget to ensure that the account has sufficient authority to facilitate the transfer of funds to the Nevada Department of Education.

The table on page 295 ([Exhibit A](#)) provides details showing savings resulting from final program expenditures compared to the originally approved authority where applicable. There are no dollar amount changes to this section of the statement since the June 14, 2023, meeting of the IFC. Fiscal Division staff is working to reconcile the final numbers following the end of the 82nd Session of the Legislature and is beginning the process to identify savings with the close of Fiscal Year (FY) 2023. While the fiscal year ended June 30, 2023, there is

some lag time where financial transactions are still being processed within the state's accounting system and therefore, Fiscal staff may not have the final amount of FY 2023 expenditures and any resulting savings for another couple of months. The Fiscal Division will be working to identify those figures and will ensure there is collaboration with the GFO to reconcile and reach consensus on what additional authority may be available for allocation as the result of any program savings. The division hopes to have at least a preliminary summary of that analysis and reconciliation to present at the October 11, 2023, meeting of the Interim Finance Committee.

SENATOR TITUS:

What is the final date that these funds must be obligated by?

MR. LEISER:

The funds must be obligated by December 31, 2024, and expended by December 31, 2026.

SENATOR SEEVERS GANSERT:

Page 295 of the meeting packet ([Exhibit A](#)) displays the actual program expenditure statement and potential savings. There is mention of higher education on the expenditure statement, and on April 7, 2022, a total of \$17.5 million was allocated for testing kits, with approximately \$6.9 million now remaining. Is there still reserve funding and testing kits? Will more testing kits need to be ordered, and is it certain that there will be a level of savings for that expenditure?

MR. LEISER:

The savings and final expenditures that are reflected on page 295 of the statement ([Exhibit A](#)) are mainly related to the close of FY 2022. The overall \$6.9 million in savings remaining from the provision of testing kits has already been reallocated because the savings that are represented on page 295 were mostly identified with the close of FY 2022. With the close of FY 2023, it is anticipated that there will be additional savings identified through program allocations in funds that were allocated but were not needed. This is the reconciliation that Fiscal staff will continue to work on over the next couple of months to identify what additional savings there may be for programs that ended in FY 2023. Additionally, the GFO is in constant communication with state agencies about programs that have been funded to date and there may be some instances where the initial program approvals are not entirely needed to fund the programs. If an agency has identified savings for a project that is going to continue into FY 2024, Fiscal staff will reconcile the funding and would expect work program requests to come forward to de-obligate funds for programs that may not need 100% of their initial allocation.

There was no additional discussion on this agenda item.

2. Status report on the administration, obligation and expenditure of American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds (Letter of Intent, 2023 Legislative Session).

AMY STEPHENSON (Director, GFO):

Agenda Item G.2 - Governor's Office of Finance, American Rescue Plan Act Spreadsheet ([Exhibit D](#)) is the first initial report for updates on the progress of the COVID-19 Relief Program funding in response to the letter of intent from the 82nd Legislative Session. The report is a tool that used by the GFO to communicate with state agencies on a monthly basis to get the information requested in the letter of intent and is used to identify any challenges early and either solve them or de-obligate funding. If there is a small problem requiring the need for additional staff, the GFO will get the Department of Administration, Division of Human Resource Management (DHRM) or another procurement agency involved to remove obstacles. Another option is to de-obligate funding and figuring out a way to reallocate it by coming before the Committee or determining savings amounts.

The spreadsheet ([Exhibit D](#)) provides details including a description of each project and program, the agency or organization to which the funding was allocated, the status of the project or program, and the spending to date for each project and program. The GFO has been submitting these monthly reports since March 2023, which is the inception date that this tool was created for LCB staff. The GFO will continue to submit the monthly reports by the end of the month following the reporting month. The reason for that schedule is that it takes the GFO approximately three weeks to gather the information and compile it for the previous month's activities. The spreadsheet ([Exhibit D](#)) shown today is for June 30, 2023, and does not include what was approved in the legislatively approved budget – the next month's report will have the legislatively approved budget allocations.

SENATOR NEAL:

Given that advancing payments for nonprofit organizations was discussed during the 2023 Legislative Session, what is the status of the 132 advance requests?

Ms. STEPHENSON:

As of today, 132 advance requests have been processed totaling \$532,836,906. The GFO currently has only 18 advance requests remaining that will be processed either today or tomorrow as additional information is received.

SENATOR NEAL:

Do any dollars that were passed through from the Nevada Department of Education (NDE) to the Clark County School District (CCSD) to a nonprofit organization fall into the category of an advancement? This funding may not

have been American Rescue Plan Act (ARPA) funding and instead could have been made available through Elementary and Secondary School Emergency Relief (ESSER) funds. Does the NDE communicate it to the GFO when this happens?

MS. STEPHENSON:

The NDE does communicate with the GFO through its budget officer. I will gather additional information regarding the specific funds you mentioned.

SENATOR NEAL:

The reason I am asking is because there are some nonprofit organizations that went through the process and believed they would be receiving money, but they are still waiting on the federal dollars from the CCSD; the funding seems to be being provided in a peculiar way. Is the GFO aware of this happening?

MS. STEPHENSON:

The legislation that passed for the GFO to advance the money strictly pertains to the ARPA Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) that were issued to the GFO. The GFO does not have control over advancing the specific funding you mentioned.

SENATOR NEAL:

Would the NDE have control over getting that information to find out where an education institution is at regarding the funds they reported providing to a nonprofit organization? There appears to be limited oversight regarding this process.

MS. STEPHENSON:

I will get the information from the NDE and provide it to the Committee at a later date.

ASSEMBLYWOMAN ANDERSON:

Are there other state departments or county-level organizations that are being used as a passthrough to provide money to nonprofits or other organizations? Are these entities allowed to keep a percentage of the funds for staffing or oversight needs, or must 100% of the money go directly to the nonprofit organizations?

MS. STEPHENSON:

If the money does not come from the CSLFRF, the GFO would be required to analyze the specific rules regarding the direct ARPA allocations to agencies in order to answer your question.

ASSEMBLYWOMAN ANDERSON:

My question is directly related to the ARPA funds.

Ms. STEPHENSON:

I will research the data and provide the information to the Committee at a later date.

There was no additional discussion on this agenda item.

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

SARAH COFFMAN (Assembly Fiscal Analyst, Fiscal Analysis Division, LCB):

All items under Agenda Item H have been withdrawn; therefore, none of the items will be considered by the Committee.

- 1. Office of the Governor - Division of Enterprise Information Technology Services - Agency IT Services - FY 2024**
Addition of \$2,500,000 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to replace/update the Content Management System. Requires Interim Finance approval since the amount added to the ARPA category exceeds \$350,000. **Work Program #24FRF13651. WITHDRAWN 7-21-23.**
- 2. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2024**
Addition of \$14,905,281 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account for statewide jail-based programming for forensic clients. Requires Interim Finance approval since the amount added to the Transfer from ARPA Jail-Based Programming category exceeds \$350,000. **Work Program #24FRF31611. WITHDRAWN 7-21-23.**
- 3. Department of Corrections - Director's Office - FY 2024**
Addition of \$8,260,498 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account for deferred maintenance and replacement equipment. Requires Interim Finance approval since the amount added to the ARPA category exceeds \$350,000. **Work Program #24FRF37101. WITHDRAWN 7-21-23.**
- 4. Department of Corrections - Director's Office - FY 2024**
Addition of \$511,349 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account for equipment replacement. Requires Interim Finance approval since the amount added to the ARPA category exceeds \$350,000. **Work Program #24FRF37102. WITHDRAWN 7-21-23.**

5. **Department of Public Safety - Director's Office - FY 2024**
Addition of \$500,000 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account for professional recruitment marketing services. Requires Interim Finance approval since the amount added to the ARPA category exceeds \$350,000. **Work Program #24FR470602. WITHDRAWN 7-21-23.**

6. **Department of Public Safety - Division of Parole and Probation - FY 2024**
Addition of \$238,417 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account for the body camera program. Requires Interim Finance approval since the amount added to the Nevada Parole and Probation Division Body Cams category exceeds 20% of the legislatively approved amount for that category. **Work Program #24FR374002. WITHDRAWN 7-21-23.**

7. **Department of Public Safety - Records, Communications and Compliance Division - FY 2024**
Addition of \$767,752 in federal American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds transferred from the COVID-19 Relief Programs account to replace 15 dispatch communication consoles. Requires Interim Finance approval since the amount added to the ARPA Telecom category exceeds \$350,000. **Work Program #24FR470201. WITHDRAWN 7-21-23.**

- I. **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.**

SARAH COFFMAN (Assembly Fiscal Analyst, Fiscal Analysis Division, LCB):
Agenda Items I.1, Office of Science, Innovation and Technology (OSIT), and I.2, OSIT have been pulled for further discussion and will be heard together. Agenda Item I.8, Cannabis Compliance Board, has been pulled for further discussion. Agenda Items I.25, Department of Health and Human Services (DHHS), Division of Public and Behavioral Health (DPBH); I.27, DPBH; and I.28, DPBH are work programs that are requested for provisional approval pursuant to Assembly Bill 361 (2023 Legislative Session) to accept grant funding that has not yet been awarded by the federal government and to revise work programs to implement the grant. Agenda Items I.6, Department of Administration, Risk Management Division; I.35, DHHS Division of Welfare and Supportive Services; I.58, Department of Indigent Defense Services; and I.64, Office of the Attorney General were withdrawn after the agenda was finalized. Agenda Items I.57, Public Employees' Benefits Program and I.66, Department of Education have been pulled for further discussion; I.66 is also recommended to be revised by the agency.

SENATOR TITUS:

I would like to hear further discussion on Agenda Items I.42, Nevada Department of Corrections (NDOC) and I.43, NDOC.

SENATOR DONDERO LOOP MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS UNDER AGENDA ITEM I.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

1. Office of the Governor - Office of Science, Innovation and Technology - FY 2024

Addition of \$43,547,460 in federal Enabling Middle Mile Broadband Infrastructure Program funds to build the Eastern Nevada Middle Mile Fiber Network. Requires Interim Finance approval since the amount added to the Nevada Middle Mile category exceeds \$350,000. **Work Program #C63849**

Agenda Items I.1 and I.2 were discussed jointly. Refer to discussion and motion for approval under Agenda Item I.2.

2. Office of the Governor - Office of Science, Innovation and Technology - FY 2024

Addition of \$316,666,230 in federal Broadband Equity, Access, and Deployment (BEAD) Program grant funds to fund broadband infrastructure in unserved regions/areas of the state. Requires Interim Finance approval since the amount added to the BEAD Program category exceeds \$350,000. **Work Program #C64183**

Agenda Items I.1 and I.2 were discussed jointly.

BRIAN MITCHELL (Director, Office of Science, Innovation and Technology [OSIT]): Regarding Agenda Item I.1, OSIT applied for a competitive federal grant to build broadband infrastructure. This federal grant was part of the National Telecommunications and Information Administration's (NTIA) Enabling Middle Mile Broadband Infrastructure grant program. The fund contained approximately \$1 billion and there were over \$7 billion worth of requests across 230 applications. The NTIA approved 35 applications, including OSIT's application. This funding will go a long way in building the right kind of infrastructure to serve unserved and underserved communities in rural Nevada.

Agenda Item I.2 is a request to accept \$316 million in Broadband Equity, Access, and Deployment (BEAD) program dollars. Every state was guaranteed \$100 million and any additional increases beyond that were based on each state's share of the total number of unserved locations in the country. OSIT worked very hard to

challenge the Federal Communications Commission (FCC) map, which was used to determine the number of unserved locations, to ensure that every unserved household in Nevada was counted so that the state could obtain the maximum amount of dollars. Beyond the \$100 million that is already in OSIT's budget, the total amount awarded to the State of Nevada is \$416 million out of the \$42.5 billion that was available. The work program before the Committee today is to bring in the remaining \$316 million that is part of Nevada's allocation.

The difference between these two funds is based on three different types of infrastructure. First there is long-haul infrastructure, which connects major National Football League (NFL) type markets, and large data centers like the Switch data centers in Reno and Las Vegas, to the world wide web. That type of infrastructure is similar to interstate freeways like I-80 and I-15 that connect large cities together. Next there is middle-mile infrastructure, which brings the internet from large data centers and long-haul lines to smaller towns. That type of infrastructure is similar to state highways such as U.S. Route 95, U.S. Route 93, U.S. Route 6, and U.S. Route 50 which connect smaller towns to larger cities. Lastly, there is last-mile infrastructure, which is the actual infrastructure that brings internet to homes. That type of infrastructure is similar to neighborhood streets and roads.

Agenda Item I.1 will build middle-mile infrastructure in places where the infrastructure does not exist. The quality of last-mile infrastructure is irrelevant without middle-mile infrastructure to feed it. That would be similar to building large sewer pipes in a town and connecting them with a garden hose; there would be a chokepoint and slow speeds. Agenda Item I.1 will focus on building the large infrastructure needed to connect rural communities, and Agenda Item I.2 will focus on building last-mile infrastructure in neighborhoods and every unserved and underserved home.

OSIT is very excited about these work programs, both of which will ensure that every Nevadan, regardless of location or income, will have access to high-speed internet that is affordable, reliable, and scalable.

ASSEMBLYMAN WATTS:

I am excited the state is bringing in these funds to help deploy broadband infrastructure and connect all the communities in the state. Will these two different types of funds integrate with each other, or will they serve different communities? Also, what is the timeline of the development of the projects that are funded by these items?

MR. MITCHELL:

The route of the middle-mile infrastructure will be from U.S. Route 93 in Las Vegas through Lincoln, White Pine, and Elko Counties, and will terminate in Wells, which is along the I-80 corridor. The route will link up with infrastructure that is being built

along I-80 and will form a single network that will eventually reach Reno and Carson City.

Agenda Item I.1 will impact communities primarily along U.S. Route 93 starting in Las Vegas and along Eastern Nevada, but the route is an important part of a much larger network that the state is building that will eventually provide infrastructure from Carson City to Las Vegas. Agenda Item I.2 will impact any unserved locations in the state. There are unserved locations in every county and in almost every community in the state. Some of the BEAD funds will directly support connecting unserved locations that are immediately adjacent to the route. The funds will also support connecting locations that are in other parts of the state. The two types of funds will work together and are very much integrated in terms of the steps that will be taken to get from unconnected to connected.

The deadline to spend the funds is December 31, 2026, unless an extension is requested from the federal government; however, OSIT is hopeful that will not be necessary. OSIT will be as quick as possible with items that are within the agency's control. One item that is out of the agency's control is permitting. There is a significant amount of federal land, particularly land managed by the Bureau of Land Management (BLM), and it is uncertain how long the permitting process will take. OSIT has good relationships with Director Jon Raby, State Director of BLM, and other permitting partners such as the U.S. Forest Service and the Nevada Department of Transportation (NDOT). OSIT will be leveraging those relationships to ensure there is balance between speed of the projects and protecting the environmental and historical resources of the state. The middle-mile route (Agenda Item I.1) has a 24- to 36-month timeline. With the BEAD funds in Agenda Item I.2, some of the funds will be received sooner than others; it will depend on when a location is brought on board and the start and completion times of projects.

SENATOR SEEVERS GANSERT:

Will OSIT subcontract out the lines that are going to be installed to telecommunication providers? How does that work so that people actually get service after the lines are installed?

MR. MITCHELL:

The NTIA has a very strict set of rules, which the state will follow. OSIT will conduct a competitive bidding process and then award the funds to the winning internet service provider. That internet service provider will own the infrastructure and provide service to the residents of the area in which the provider serves.

SENATOR SEEVERS GANSERT:

Can the funds be awarded to multiple internet service providers? Due to the size of the projects, it may help meet the deadline.

MR. MITCHELL

There will be multiple bid awards to cover the 70,000 to 80,000 unserved and underserved locations in the state. Service providers have different territories with existing infrastructure in place. It might not make sense for a provider with a lot of infrastructure in northeastern Nevada, for example, to serve Las Vegas. There will be quite a few awards; OSIT will cluster the unserved locations. OSIT has a map that includes every home and business that is currently unserved or underserved; those will be clustered together and then bid out as small groups. Internet service providers will be asked to serve a group. By creating small groups, it will make the areas manageable in terms of size and scope so that a single provider is not stretched too far. It will also help with cost. It would not make sense to ask one provider to build clear across the state if there are one or more providers with existing infrastructure in that area that can be leveraged. To avoid leaving anyone behind, OSIT will combine locations in a way that will make it so that every location has a service commitment.

SENATOR GOICOECHEA:

I do not believe there is enough money available to serve everyone in need, but I wish OSIT well with the project.

MR. MITCHELL:

The size and the scope of the challenge is significant, and OSIT is aware there is not enough money available. In order to achieve the goal of universal access, OSIT has to be parsimonious and strategic in terms of braiding different funding sources together. OSIT is leveraging 14 different funding sources, federal and state. OSIT believes it has developed a solid plan that will lead to universal access; however, the agency will do everything possible to stretch the funds. OSIT will also require different matching amounts from providers and has cost modeling and business case tools that the agency will deploy. In certain cases, OSIT may ask for a larger amount from a provider if there is more of a business case to serve the area. OSIT is considering many different ways to achieve the universal access goal. The agency appreciates that there is a great need and not a lot of funds.

SENATOR TITUS:

In looking at the rural areas and very isolated areas such as some of the places I represent, I am concerned about reaching all those areas. There are also tribal lands in the areas I represent, and I want to ensure broadband access is available in those areas. I am aware there are other federal funds available for broadband on tribal lands. Is OSIT coordinating with other agencies to ensure the funds are being put to the best use?

MR. MITCHELL:

OSIT has consulted with most of the tribes in the state; however, there are a few tribes with which OSIT has not been in contact. There is separate federal grant funding through the Tribal Broadband Connectivity Program. OSIT has already provided assistance to 14 tribes that have drawn down about \$33 million to build

fiber within their communities. Separately from that, even before the COVID-19 pandemic, OSIT has a long history of working with the tribes. OSIT has been able to leverage different federal dollars from E-rate, for example, to build connectivity to 12 different tribal libraries. OSIT is leveraging that infrastructure to then continue to build.

Last week, the NTIA announced round two of the Tribal Broadband Connectivity Program grant. OSIT is working with the tribes that did not apply in round one. There is not enough money available to afford to have one federal program build something and then have the state build over it. OSIT is trying to work with the tribes to apply for that specific federal program. For tribes that are not awarded those funds or do not apply, OSIT will use BEAD funds to make up the difference.

ASSEMBLYMAN WATTS MOVED TO APPROVE AGENDA ITEMS I.1 AND I.2.

ASSEMBLYMAN HAFFEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

Chair Monroe-Moreno called a recess at 12:28 p.m. The meeting reconvened at 1:23 p.m.

3. Office of the State Controller - Controller's Office - FY 2023

Addition of \$168,766 in Debt Collection Revenue funds transferred from the Controller's Office Debt Recovery account to fund a projected shortfall in the Debt Collection category for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Debt Collection category exceeds \$75,000. **RELATES TO ITEM H.4. Work Program #C63374**

Refer to motion for approval under Agenda Item I.

4. Office of the State Controller - Debt Recovery Account - FY 2023

Transfer of \$168,766 from the Reserve category to the Debt Collection category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Debt Collection category exceeds \$75,000. **RELATES TO ITEM H.3. Work Program #C63373**

Refer to motion for approval under Agenda Item I.

5. Department of Administration - Fleet Services Division - Fleet Services - FY 2023

Transfer of \$5,071 from the Reserve category to the Information Services category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the

Information Services category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63587**

Refer to motion for approval under Agenda Item I.

6. Department of Administration - Risk Management Division - Insurance and Loss Prevention - FY 2023

Transfer of ~~\$74,873~~ **\$75,802** from the Reserve category to the Auto Comp and Collision Claims category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Auto Comp and Collision Claims category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63946. REVISED 7-10-23.**

This item was withdrawn.

7. Department of Administration - State Public Works Division - Buildings and Grounds - FY 2023

Transfer of \$60,268 from the Reserve category to the Personnel category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel category exceeds \$350,000. **Work Program #C63871**

Refer to motion for approval under Agenda Item I.

8. Cannabis Compliance Board - Marijuana Regulation and Control Account - FY 2024

Transfer of \$150,000 from the Reserve category to the Market Study category to fund a national and statewide market study focused on the Nevada cannabis industry. Requires Interim Finance approval since the amount transferred to the Market Study category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63378**

STEVE GILBERT (Chief of Administration, Cannabis Compliance Board):

This work program requests funds to support a market study of the Nevada cannabis industry. This market study would assess the supply and demand of the current product in Nevada, the current tax structure compared to tax structures throughout the country, as well as the size and the breadth of the illicit market as it is seen today.

SENATOR GOICOECHEA:

It appears that 193 of 198 licenses have been issued, and only 4 licenses are available from local jurisdictions, correct?

MR. GILBERT:

Are you referring to dispensaries and retail stores?

SENATOR GOICOECHEA:

Yes, I thought that was all sources for all jurisdictions.

MR. GILBERT:

Yes, that is correct. The medical allocation, or the cap, is 66 total licenses. Adult use in all jurisdictions, in all counties throughout the state is 132 licenses. All licenses have been issued except for five in the state, two of which were issued in 2018 but surrendered back to the state last year.

SENATOR GOICOECHEA:

I mention this because I know in some of the rural jurisdictions that I represent there is debate about the validity of certain licenses. Some of the local jurisdictions, such as Eureka County, have not yet approved any licenses; however, the state shows a couple licenses on the record. It is my understanding the issue has gone to court. I wanted to confirm that there are five available licenses remaining.

MR. GILBERT:

That is correct. The five licenses meet the statutory allocation, or the cap.

ASSEMBLYWOMAN GORELOW:

According to the backup documentation, there was a request for proposal (RFP) in January 2023. I am curious why this was not included in the 2023-25 biennium budget considering the RFP had already been done.

MR. GILBERT:

An RFP was put out in late January 2023. That RFP went through the process, but it was pulled due to a potential conflict of interest with one of the vendors. The Cannabis Compliance Board (CCB) was considering whether to issue a second RFP, which was around the August 2022 timeframe. Later in 2022, it was determined that the second RFP would be issued in February 2023, which was after the budget process, so it was not included in the 2023-25 biennium budget.

CHAIR MONROE-MORENO:

Since it was realized that the second RFP would be put out in February 2023 during the 2023 Legislative Session, did the CCB request a budget amendment?

LISA FIGUEROA (Administrative Services Officer, CCB):

No, a budget amendment was not requested. The CCB had already gone through the Governor's recommended budget proposal, and this was not something that would be entertained. At that time, the CCB did not know how much the study would cost, which is why the RFP was put out. The CCB has not made any

determinations other than the need to find a viable candidate and the cost, and the CCB will come back at a later date with additional details.

CHAIR MONROE-MORENO:

Any request for reserve reductions for the CCB would have a direct impact on the State Education Fund, correct?

Ms. FIGUEROA:

That is correct, it would impact the State Education Fund; however, the CCB is hopeful to have revenue that will offset the cost and not negatively impact the State Education Fund.

CHAIR MONROE-MORENO:

Do you anticipate coming before the IFC anytime throughout the 2023-24 Interim, prior to the next legislative session, to ask for further reductions?

Ms. FIGUEROA:

The CCB anticipates a few items may come up in the near future that would further reduce the reserve budget, the details of which are still in progress. The CCB will collaborate with the Governor's Finance Office and see what would be best supported.

CHAIR MONROE-MORENO:

The anticipated amount is unknown at this time, correct?

MR. GILBERT:

That is correct.

ASSEMBLYMAN WATTS MOVED TO APPROVE AGENDA ITEM I.8.

SENATOR DONDERO LOOP SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

9. Department of Education - Educator Licensure - FY 2023

Addition of \$167,427 in Fingerprint Fee funds to account for an increase in clearance and background checks. Requires Interim Finance approval since the cumulative amount added to the Fingerprint Fees category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63565**

Refer to motion for approval under Agenda Item I.

10. Department of Education - Educator Effectiveness - FY 2023

Transfer of \$27,200 from the Teacher Quality Administration category to the Personnel category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Teacher Quality Administration category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63347**

Refer to motion for approval under Agenda Item I.

11. State Public Charter School Authority - FY 2024

Addition of \$1,732,123 in federal Bipartisan Safer Communities Act (BSCA), Stronger Connections Grant Program funds to support activities for safe and healthy students. Requires Interim Finance approval since the amount added to the BSCA category exceeds \$350,000. **Work Program #C63983**

Refer to motion for approval under Agenda Item I.

12. State Public Charter School Authority - Public Charter School Loan Program - FY 2024

Transfer of \$209,500 from the Reserve category to the Charter School Loan category to fund loans to charter schools approved by the State Public Charter School Authority Board. Requires Interim Finance approval since the amount transferred to the Charter School Loan category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63982**

Refer to motion for approval under Agenda Item I.

13. Department of Agriculture - Nutrition Education Programs - FY 2023

Addition of \$4,734,327 in federal United States Department of Agriculture - Child Nutrition Program grant funds to support the Child and Adult Care Food Program. Requires Interim Finance approval since the amount added to the Child and Adult Care Food Program category exceeds \$350,000. **Work Program #C63890**

Refer to motion for approval under Agenda Item I.

14. Commission on Mineral Resources - Division of Minerals - FY 2024

Transfer of \$221,600 from the Reserve category to the Special Projects category to fund contract obligations and equipment purchases approved for FY 2023 that could not be completed in the current fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Special Projects category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63454**

Refer to motion for approval under Agenda Item I.

15. Department of Health and Human Services - Director's Office - Fund for Resilient Nevada - FY 2024

Transfer of \$3,332,500 from the Reserve category to the Opioid Allocation category to support statewide projects to address the impact of opioid use disorder and other substance use disorders. Requires Interim Finance approval since the amount transferred to the Opioid Allocation category exceeds \$350,000. **Work Program #C63612**

Refer to motion for approval under Agenda Item I.

16. Department of Health and Human Services - Director's Office - Developmental Disabilities - FY 2023

Addition of \$26,000 in federal Developmental Disabilities Act - State Councils on Developmental Disabilities grant funds to cover a projected shortfall for the remainder of the fiscal year and support the objectives of the Nevada Governor's Council on Developmental Disabilities. Requires Interim Finance approval since the cumulative amount added to the Developmental Disabilities Council category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63937**

Refer to motion for approval under Agenda Item I.

17. Department of Health and Human Services - Director's Office - Individuals With Disabilities Education Act Part C Compliance - FY 2024

Addition of \$506,282 in federal Individuals with Disabilities Education Act (IDEA) - American Rescue Plan Act (ARPA) grant funding to support services to eligible infants, toddlers and their families. Requires Interim Finance approval since the amount added to the IDEA ARPA category exceeds \$350,000. **Work Program #24AR327601**

Refer to motion for approval under Agenda Item I.

18. Department of Health and Human Services - Aging and Disability Services - Home and Community-Based Services - FY 2023

Addition of \$356,000 in federal Older Americans Act Title III-B Supportive Services grant funds, \$1,646,972 in federal Older Americans Act Title III-C Congregate Meals and Older Americans Act Title III-C Home Delivered Meals grant funds, and \$588,711 in federal Older Americans Act Nutrition Services Incentive Program grant funds for payments to subrecipients for services provided to individuals aged 60 and older. Requires Interim Finance approval since the amount added to the Title III-C Nutrition Services category exceeds \$350,000. **Work Program #C63748**

Refer to motion for approval under Agenda Item I.

19. Department of Health and Human Services - Health Care Financing and Policy - Health Care Financing and Policy Administration - FY 2024

Addition of \$293,379 in federal Title XIX grant funds, \$315,000 in Katie Beckett Premiums, and \$44,336 in Home and Community-Based Services (HCBS) Reinvestment funds transferred from the Nevada Medicaid budget account to streamline cost sharing and provide additional case management and oversight for the Katie Beckett program. Requires Interim Finance approval since the cumulative amount added to HCBS - American Rescue Plan Act category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63605**

Refer to motion for approval under Agenda Item I.

20. Department of Health and Human Services - Health Care Financing and Policy - Health Care Financing and Policy Administration - FY 2024

Transfer of \$10,821,652 from the Utilization Review category to the Fiscal Agent category to consolidate fiscal agent contractual obligations. Requires Interim Finance approval since the amount transferred to the Fiscal Agent category exceeds \$350,000. **Work Program #C63650**

Refer to motion for approval under Agenda Item I.

21. Department of Health and Human Services - Health Care Financing and Policy - Health Care Financing and Policy Administration - FY 2024

Transfer of \$5,490,502 from the Fiscal Agent category to the Pharmacy Benefit Manager category to isolate the Pharmacy Benefit Manager contractual obligation. Requires Interim Finance approval since the amount transferred to the Pharmacy Benefit Manager category exceeds \$350,000. **Work Program #C64259**

Refer to motion for approval under Agenda Item I.

22. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2024

Addition of \$33,077,452 in federal Title XIX grant funds to fund projected ground emergency transportation services for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Pass Thru to Local Government category exceeds \$350,000. **Work Program #C63627**

Refer to motion for approval under Agenda Item I.

23. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2024

Transfer of \$3,128,200 from the Personnel category to the Professional Services category to fund participation in the Private Inpatient Hospital Upper Payment Limit program through the Nevada Clinical Services contracts. Requires Interim Finance

approval since the amount transferred to the Professional Services category exceeds \$350,000. **Work Program #C63387**

Refer to motion for approval under Agenda Item I.

24. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2023

Transfer of \$77,357 from the Food Service Center category to the Utilities category to cover a projected shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Utilities category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63763**

Refer to motion for approval under Agenda Item I.

25. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2024

Addition of \$894,498 in federal Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Treatment - State Pilot Program for Treatment for Pregnant and Postpartum Women grant funds to expand services to pregnant and postpartum women with a primary diagnosis of substance use disorder in Northern Nevada. Requires Interim Finance approval since the amount added to the Pregnant Postpartum Women category exceeds \$350,000. **This work program requests provisional approval pursuant to Assembly Bill 361 (2023) to accept grant funding that has not yet been awarded by the federal government and to revise the work program to implement the grant. Work Program #C63442**

Refer to motion for approval under Agenda Item I.

26. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2024

Addition of \$400,000 in federal Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Treatment - Adult Reentry Program grant funds to expand services to adults in the criminal justice system. Requires Interim Finance approval since the amount added to the Adult Reentry category exceeds \$350,000. **This work program requests provisional approval pursuant to Assembly Bill 361 (2023) to accept grant funding that has not yet been awarded by the federal government and to revise the work program to implement the grant. Work Program #C63447**

Refer to motion for approval under Agenda Item I.

27. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2024

Addition of \$2,646,740 in federal Centers for Disease Control and Prevention Overdose Data to Action in States grant funds to continue prevention and surveillance efforts relating to overdose mortality and morbidity. Requires Interim Finance approval since the amount added to the Overdose Data category exceeds \$350,000. **This work program requests provisional approval pursuant to Assembly Bill 361 (2023) to accept grant funding that has not yet been awarded by the federal government and to revise the work program to implement the grant. Work Program #C63626**

Refer to motion for approval under Agenda Item I.

28. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2024

Addition of \$398,706 in federal Nevada Clinical High Risk for Psychosis (CHR-P) Program for Youth grant funds to prevent or lessen the impact of psychotic disorders in help-seeking adolescents and transition age youth in Southern Nevada who are at clinical high risk for psychosis. Requires Interim Finance approval since the amount added to the CHR-P for Youth category exceeds \$350,000. **This work program requests provisional approval pursuant to Assembly Bill 361 (2023) to accept grant funding that has not yet been awarded by the federal government and to revise the work program to implement the grant. Work Program #C63631**

Refer to motion for approval under Agenda Item I.

29. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2024

Addition of \$365,443 in federal COVID-19 Health Disparities to High Risk and Medically Underserved Populations grant funds transferred from the Chronic Disease budget account to improve capacity and services to prevent and control COVID-19. Requires Interim Finance approval since the amount added to the Centers for Disease Control Health Disparities Grant category exceeds \$350,000. **Work Program #C63644**

Refer to motion for approval under Agenda Item I.

30. Department of Health and Human Services - Public and Behavioral Health - Public Health Preparedness Program - FY 2023

Addition of \$60,063 in federal Strengthening and Sustaining Public Health Infrastructure grant funds transferred from the Office of State Health Administration account to support personnel and operating costs related to the Nevada Trauma Registry. Requires Interim Finance approval since the cumulative amount added to the Public Health Emergency Preparedness category exceeds \$350,000. **Work Program #C62570**

Refer to motion for approval under Agenda Item I.

31. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2023

Addition of \$95,522 in federal National and State Tobacco Control Program grant funds to support the tobacco prevention and control programs. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$75,000. **Work Program #C63796**

Refer to motion for approval under Agenda Item I.

32. Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2023

Transfer of \$146,398 from the Division Cost Allocation category to the Operating category, \$11,718 from the Division Cost Allocation category to the Food Service category, and \$3,831 from the Division Cost Allocation category to the Utilities category to cover projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63408**

Refer to motion for approval under Agenda Item I.

33. Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2024

Transfer of \$1,146,785 from the Personnel category to the Professional Services category to fund an anticipated shortfall in contracted medical services. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$350,000. **Work Program #C63677**

Refer to motion for approval under Agenda Item I.

34. Department of Health and Human Services - Public and Behavioral Health - Rural Clinics - FY 2023

Addition of \$1,741,435 in federal Title XIX grant funds to account for additional revenues received above the legislatively approved authority. Requires Interim Finance approval since the amount added to the Reserve for Reversion to General Fund category exceeds \$75,000. **Work Program #C63425**

Refer to motion for approval under Agenda Item I.

35. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2023

Transfer of \$352,335 from the Operating category to the Information Services category to fund a projected shortfall for the remainder of the fiscal year. Requires

Interim Finance approval since the amount transferred to the Information Services category exceeds \$350,000. **Work Program #C63676. WITHDRAWN 7-25-23.**

36. Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2023

Transfer of \$383,424 from the Child Welfare category to the Subsidized Adoptions category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Subsidized Adoptions category exceeds \$350,000. **Work Program #C63637**

Refer to motion for approval under Agenda Item I.

37. Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2023

Transfer of \$3,678,213 from the Clark County Ongoing category to the Subsidized Adoptions category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Subsidized Adoptions category exceeds \$350,000. **Work Program #C63638**

Refer to motion for approval under Agenda Item I.

38. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2024

Transfer of \$158,524 from the Personnel category to the Temporary Contract Staffing category to fund a projected shortfall in contracted personnel services for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Temporary Contract Staffing category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63772**

Refer to motion for approval under Agenda Item I.

39. Department of Health and Human Services - Child and Family Services - Northern Nevada Child and Adolescent Services - FY 2024

Transfer of \$622,204 from the Personnel category to the Professional Contract Services category to fund continued contracted employees. Requires Interim Finance approval since the amount transferred to the Professional Contract Services category exceeds \$350,000. **Work Program #C63671**

Refer to motion for approval under Agenda Item I.

40. Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2024

Transfer of \$2,701,301 from the Personnel category to the Professional Contract Services category to provide for sufficient staffing levels in a 24-hour facility through the remainder of the fiscal year. Requires Interim Finance approval since

the amount transferred to the Professional Contract Services category exceeds \$350,000. **Work Program #C63643**

Refer to motion for approval under Agenda Item I.

41. Department of Employment, Training and Rehabilitation - Rehabilitation Division - Vocational Rehabilitation - FY 2023

Addition of \$967,985 in federal Section 110 grant funds to continue to provide vocational services to eligible clients with disabilities. Requires Interim Finance approval since the amount added to the Client Services category exceeds \$350,000. **Work Program #C63738**

Refer to motion for approval under Agenda Item I.

42. Department of Corrections - Prison Medical Care - FY 2023

Transfer of \$224,642 from the Personnel category to the Professional Services category and \$837,624 from the Personnel category to the Inmate Drives category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Professional Services category exceeds \$350,000. **Work Program #C63963**

Agenda Items I.42 and I.43 were discussed jointly. Refer to testimony and motion for approval under Agenda Item I.43.

43. Department of Corrections - Prison Medical Care - FY 2024

Transfer of \$2,681,352 from the Personnel category to the Professional Services category to contract with licensed healthcare professionals on a full-time basis as needed. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$350,000. **Work Program #C64025**

Agenda Items I.42 and I.43 were discussed jointly.

SENATOR TITUS:

I understand there is an inadequate number of medical providers nationwide. This has been an ongoing issue in the prison system for many years. Understanding there is a mandatory obligation to provide health care for prisoners, are recruitment efforts underway to replace contract staff with full-time equivalent (FTE) medical providers? What is the cost of using contract medical providers compared to full-time equivalent positions?

KRISTINA SHEA (Deputy Director, Support Services, Nevada Department of Corrections [NDOC]):

The funds that are for FY 2024 are to fund the contract staff for the replacement of FTEs because the NDOC is unable to hire FTEs, primarily in Ely and Lovelock, but also at the Northern Nevada Correctional Center and High Desert State Prison. As far as recruiting staff, through the efforts of the 2023 Legislative Session, the

NDOC is experiencing some upticks in the ability to hire FTEs due to the 12% cost-of-living increase. The NDOC is working hard on recruitment contracts to be able to bring people in on the front end. Currently, the majority of nursing and medical staff are recruited by word of mouth in Nevada's prison system.

SENATOR TITUS:

At least \$5,461,000 has already been spent, but there was only a budget of \$5,236,000; hence the difference is the amount the NDOC is requesting. Since the money has already been spent, likely these patients have already been seen and costs have already been incurred. This means the NDOC is obligated to pay approximately \$224,000, correct?

MS. SHEA:

Yes, that is correct.

SENATOR TITUS:

These are already costs that must be fulfilled, correct?

MS. SHEA:

Yes, that is correct.

SENATOR TITUS:

To confirm, for the hepatitis C (Hep C) vaccine program, all the obligated funds have been spent. How many inmates were served, and were there any inmates that were not served with those funds?

MS. SHEA:

All the obligated funds for the Hep C program were not spent. I do not have the detailed projections readily available; however, I believe approximately \$1.3 million will revert to the General Fund. I can provide detailed information concerning the number of inmates served, vendors, etc. to Fiscal staff.

SENATOR TITUS:

According to the paperwork that was submitted, the obligated funds and the authorized amount were both \$6.7 million, so it does not show that there is going to be a reversion under that program. Please provide clarity when you provide the other information to the Committee.

MS. SHEA:

Yes, I will do the reconciliation and provide the most updated numbers so the Committee has current information related to the Hep C program.

SENATOR TITUS:

If the state is not following the federal regulations, this could lead to lawsuits.

Ms. SHEA:

One thing I wanted to share with the Committee is that a new medical director will be joining the NDOC from Tennessee, Dr. Williams. The NDOC is hoping for better times ahead within the prison medical system.

CHAIR MONROE-MORENO:

Ms. Shea, please provide that information to Fiscal staff who will ensure it is provided to the Committee.

SENATOR TITUS MOVED TO APPROVE AGENDA ITEMS I.42 AND I.43.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

44. Department of Corrections - Ely State Prison - FY 2023

Transfer of \$4,209 from the Personnel category to the Maintenance of Buildings and Grounds category and \$75,539 from the Personnel category to the Utilities category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Utilities category exceeds \$350,000. **Work Program #C63893**

Refer to motion for approval under Agenda Item I.

45. Department of Corrections - High Desert State Prison - FY 2023

Transfer of \$114,345 from the Personnel category to the Operating category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63873**

Refer to motion for approval under Agenda Item I.

46. Department of Corrections - Southern Desert Correctional Center - FY 2023

Transfer of \$14,779 from the Personnel category to the Maintenance of Buildings and Grounds category, \$4,979 from the Personnel category to the Maintenance Contracts category and \$57,753 from the Personnel category to the Utilities category to cover projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Utilities category exceeds \$350,000. **Work Program #C63903**

Refer to motion for approval under Agenda Item I.

47. Department of Corrections - Lovelock Correctional Center - FY 2023

Transfer of \$25,280 from the Personnel category to the Utilities category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Utilities category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63901**

Refer to motion for approval under Agenda Item I.

48. Department of Corrections - Prison Ranch - FY 2023

Transfer of \$70,000 from the Retained Earnings category to the Operating category and \$126,000 from the Retained Earnings category to the Wild Horse Program category to cover projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Wild Horse Program category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63848**

Refer to motion for approval under Agenda Item I.

49. Department of Public Safety - Nevada Highway Patrol Division - FY 2023

Addition of ~~\$268,280~~ **\$409,656** in Contract Services Reimbursement funds to cover a projected shortfall in the Contract and Uniformed Traffic Control (UTC) Services category through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Contract and UTC Services category exceeds \$350,000. **Work Program #C63661. REVISED 7-26-23.**

Refer to motion for approval under Agenda Item I.

50. Department of Public Safety - Division of Parole and Probation - FY 2023

Transfer of \$25,000 from the Personnel category to the Sworn Staff Physicals category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel category exceeds \$350,000. **Work Program #C63906**

Refer to motion for approval under Agenda Item I.

51. Department of Public Safety - Office of Criminal Justice Assistance - Justice Assistance Grant Trust Account - FY 2023

Addition of \$115,482 in Treasurer's Interest Distribution revenue to account for additional revenues received above the legislatively approved amount and to fund the Justice Assistance Grant and Coronavirus Emergency Supplemental Funding Federal Grant categories. Requires Interim Finance approval since the cumulative amount added to the Justice Assistance Grant category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63929**

Refer to motion for approval under Agenda Item I.

52. Department of Conservation and Natural Resources - Division of State Parks - FY 2024

Addition of \$3,500,000 in Leona M. and Harry B. Helmsley Charitable Trust funds to support the construction of a new state-of-the-art visitor center at the Valley of Fire State Park. Requires Interim Finance approval since the amount added to the Helmsley Grant Valley of Fire category exceeds \$350,000. **Work Program #C63860**

Refer to motion for approval under Agenda Item I.

53. Department of Wildlife - Diversity Division - FY 2024

Addition of \$343,494 in federal Wildlife Restoration funds and the deletion of \$414,886 in federal State Wildlife Grants funds, deletion of \$17,684 in federal Clean Vessel Act and Region 8 Competitive grant funds, deletion of \$137,343 in federal Small Grant funds, and deletion of \$71,664 in Sportsmen Revenue transferred from the Wildlife Fund account to align state and federal authority and continue funding for Wildlife programs. Requires Interim Finance approval since the amount deducted from the State Wildlife Grant Plan Implementation category exceeds 20% of the legislatively approved amount for that category. **Work Program #C63915.**

Refer to motion for approval under Agenda Item I.

54. Department of Transportation - Transportation Administration - FY 2023

Addition of \$211,444 in Elko County Diesel Tax revenue, \$108,973 in Humboldt County Diesel Tax revenue, \$60,384 in Pershing County Diesel Tax revenue, and \$493,102 in Lyon County ~~Diesel Special Fuel~~ Tax revenue to support the construction, maintenance and/or repair of highway truck parking facilities in counties with a population less than 100,000. Requires Interim Finance approval since the cumulative amount added to the Land and Building Improvements category exceeds **\$350,000**. ~~20% of the legislatively approved amount for that category.~~ **Work Program #C62300. REVISED 7-19-23.**

Refer to motion for approval under Agenda Item I.

55. Department of Transportation - Transportation Administration - FY 2023

Addition of \$70,000,000 in state Highway Funds and \$15,000,000 in federal Highway Administration grant funds to align state and federal funding authority for ongoing state and federal highway construction projects throughout the state. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds \$350,000. **Work Program #C63774**

Refer to motion for approval under Agenda Item I.

56. Office of the Military - Division of Emergency Management - Emergency Management Assistance Grants - FY 2023

Addition of \$500,000 in federal Homeland Security Grant Program funds to continue to reimburse local jurisdictions, state agencies and tribes in building and

sustaining capabilities to prevent, protect against, respond to, and recover from threats of terrorism. Requires Interim Finance approval since the cumulative amount added to the Homeland Security Grant Program category exceeds **\$350,000**. ~~20% of the legislatively approved amount for that category.~~ **Work Program #C63780. REVISED 7-19-23.**

Refer to motion for approval under Agenda Item I.

57. Public Employees' Benefits Program - FY 2023

Transfer of ~~\$10,000,000~~ **\$8,997,478** from the Reserve category to the State Employee Insurance Cost category to allow the Public Employees' Benefits Program to pay ~~projected~~ medical and pharmacy claims and administrative costs through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the State Employees Insurance Cost category exceeds \$350,000. **Work Program #C64015. REVISED 7-28-23.**

CELESTENA GLOVER (Interim Executive Officer, Public Employees' Benefit Program [PEBP]):

Through Agenda Item I.57, PEBP is requesting a transfer of about \$9.0 million from reserves into the medical category where PEBP pays medical and dental claims and its administration and pharmacy costs.

CHAIR MONROE-MORENO:

There were many discussions regarding PEBP's budgets during the 2023 Legislative Session. Why is there now a \$9.0 million deficit, and why was this amount not included in PEBP's budgets?

Ms. GLOVER:

A different methodology was being used for budget projections before I became PEBP's Interim Executive Officer. When going back to look at those projections, it was realized that there was an understatement of what PEBP expected to see by the end of the fiscal year. The claims that came in are significantly higher than those seen in the last couple years. When the methodology was updated, PEBP initially projected a shortfall of \$10.0 million, which was later reduced to \$9.0 million after all the final bills came in. PEBP was not aware of this issue during the 2023 Legislative Session. However, when the problem was identified, it was brought to the attention of the Governor's Finance Office (GFO) and a work program was submitted.

ASSEMBLYMAN MILLER:

Regarding the revising of the PEBP's methodology, please explain how the calculations were made and what is being done differently. How will the changes result in a better outcome during the 2023-25 biennium?

MS. GLOVER:

PEBP recently changed its methodology to match how it had done projections in the past. The former way of doing things was predicated on information that was being provided to PEBP through various reports that it received from vendors, with this information then being used in PEBP's projections. There was a time lag between those reports and the actual data, so PEBP was receiving data that was a month or two old when compared to actual expenditures. Moving forward, PEBP will use the actual claims that have already been received, so the amount spent is known and can be compared to the data that was projected. By not using projections and adjustments any longer and by using real data only, PEBP will change its methodology to be more successful. PEBP is now going to use this methodology and only those vendor reports for comparison to see what the differences are. The revised methodology that PEBP now uses takes actual data and compares it to projected enrollment counts to come up with monthly costs, which it believes will be more accurate going forward.

CHAIR MONROE-MORENO:

If Agenda Item I.57 is approved today, will it result in a negative reserve balance? If that is the case, will this be an added burden to the participants, or will there be a reduction in their benefits in any way in Fiscal Year (FY) 2025? Will the changes result in a smoothing out so there is not a negative impact to participants in FY 2025?

MS. GLOVER:

No definite answer can be given at this time; however, PEBP is going to monitor its claims experience closely to see where the budget will be at the end of the plan year. There would be no change for the current year. Going into Plan Year 2025 (which is the same as FY 2025), if adjustments need to be made, they will be. PEBP will try and mitigate whatever effect the adjustments may have on employees, retirees, and dependents that are using PEBP benefits.

SENATOR SEEVERS GANSERT:

As FY 2024 has just started, there is not enough time to have a year's worth of data, and most of the data that PEBP has is from FY 2023. What is the timeline for spending the \$9.0 million? If this work program is not approved today, how much time is needed before there will be more data related to FY 2024 so that dollars can be adjusted, and reserves can be maintained?

MS. GLOVER:

This request is to help finish paying claims for Plan Year 2023 and to close out FY 2023. There is not enough data in Plan Year 2024 to make any determinations yet as to where PEPB might be in a couple of months.

SENATOR SEEVERS GANSERT:

To confirm, PEBP is paying down what is owed because of the bills that were received from FY 2023. Is that correct? For FY 2024, given that the plan was already approved during the 2023 Legislative Session, there may be a hole for FY 2024 and for FY 2025, since those are both part of the current 2023-25 biennium. This is important to understand. Has PEBP ever had to change rates or benefits mid-biennium before?

MS. GLOVER:

PEBP does not typically make any changes in the middle of a plan year, which is generally set in stone. However, PEBP has had to make changes mid-biennium when it was thought there would not be enough money to pay for benefits. In the past, there has been excess reserve, and PEBP was able to increase benefits as opposed to taking them away. However, there have also been times when available funding required reductions to benefits so that the rates did not spike, which could have caused bigger problems for participants.

SENATOR SEEVERS GANSERT:

Did PEBP change or enhance benefits between FY 2023 and FY 2024 to cause the \$10.0 million deficit? If PEBP follows the same patterns of enhancing benefits, there may be a larger deficit than \$10.0 million for FY 2024 and FY 2025. Please confirm if there were any recent changes to enhancements in benefits between FY 2023 and FY 2024 so the Committee can have an expectation as to what this will look like. Please indicate any changes that will result in costs greater than those experienced in FY 2023.

MS. GLOVER:

Right now, there have been no changes, but I will pass along any new information to Fiscal Division staff when it is available.

SENATOR SEEVERS GANSERT:

Right now, FY 2023 benefits and FY 2024 benefits are the same as far as the package provided to participants. Is that correct?

MS. GLOVER:

That is correct.

ASSEMBLYWOMAN BACKUS:

If claims continue to be submitted on the same pace as last fiscal year, will there be a shortage of about \$18.0 million over the 2023-25 biennium?

MS. GLOVER:

No, the shortfall that is happening now is for FY 2023 that PEBP is getting ready to close and is not due to claims from the new fiscal year. It is unknown what the new claims are going to look like or if there will be more or less claims. Even if there are less claims, the individual claims cost more money, which could affect

what is available in the budget to pay those claims and ultimately reserves. Right now, PEBP does not know if it will experience a shortfall, a surplus, or if it will break even. The claims will be monitored, and information will be passed on as soon as it is available.

CHAIR MONROE-MORENO:

To clarify, the \$9.0 million deficit for FY 2023 had absolutely nothing to do with the enhancements to the plan that were approved during the 2023 Legislative Session. It is unknown what the effects will be on the additional benefits provided to state employees. Is that correct?

MS. GLOVER:

That is correct.

SENATOR SEEVERS GANSERT:

What are PEBP's current reserves?

MS. GLOVER:

PEBP's reserve authority is currently sitting at \$32.0 million. What will be left once the \$9.0 million is pulled out of reserves and transferred over into the claims category, in addition to any surpluses in areas where authority was not expended, will go back into reserves. Since some money may return, there is not an exact number at this time.

SENATOR SEEVERS GANSERT:

To reiterate, at this time there is \$32.0 million in reserves and after \$10.0 million is removed, that would be \$22.0 million. There will then be a rebalance once PEBP determines all the claims that have been paid and not paid. Either way, there will still be some reserves left over after this amount is debited.

CHAIR MONROE-MORENO:

It is nice to know that there will be a little bit of money left in PEBP's reserves.

SENATOR DONDERO LOOP MOVED TO APPROVE
AGENDA ITEM I.57.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS
PRESENT.

58. Department of Indigent Defense Services - Office of the State Public Defender - FY 2023

Addition of \$300,000 in funds transferred from the Statutory Contingency Account to cover a projected shortfall in Post-Conviction Relief costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount

added to the Post-Conviction Relief category exceeds 20% of the legislatively approved amount for that category. **Work Program #C64045. WITHDRAWN 7-28-23.**

59. Office of the Attorney General - Tort Claims Fund - FY 2023

Addition of \$163,422 in Insurance Premiums to accept additional receipts received during the year and cover a projected shortfall in the General/Fleet - Tort Claims expenditure category through the end of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the General/Fleet - Tort Claims category exceeds \$350,000. **Work Program #C64500. RECEIVED 7-19-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

Refer to motion for approval under Agenda Item I.

60. Office of the Treasurer - Unclaimed Property - FY 2023

Addition of \$82,356 in funds transferred from the Abandoned Property account, and transfer of \$150,000 from the Personnel category to the Audit Services category to fund additional payments to auditors and claimants of unclaimed property. Requires Interim Finance approval since the amount added to the Audit Services category exceeds 20% of the legislatively approved amount for that category. **Work Program #C64487. RECEIVED 7-19-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

Refer to motion for approval under Agenda Item I.

61. Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2023

Addition of \$180,111 in federal Title I grant revenue to account for additional revenues received above the legislatively approved amount and placement of the additional funds in the Reserve for Reversion to General Fund category. Requires Interim Finance approval since the amount added to the Reserve for Reversion to General Fund category exceeds 20% of the legislatively approved amount for that category. **Work Program #C64426. RECEIVED 7-19-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

Refer to motion for approval under Agenda Item I.

62. Department Of Corrections - Director's Office - FY 2023

Addition of \$5,620,986 in federal State Criminal Alien Assistance Program (SCAAP) award funds to account for revenues received above the legislatively approved amount and placement of the funds in the Reserve for Reversion to General Fund category. Requires Interim Finance approval since the amount added to the Reserve for Reversion to the General Fund category exceeds \$350,000. **Work Program #C64467. RECEIVED 7-19-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

Refer to motion for approval under Agenda Item I.

- 63. Department Of Corrections - Northern Nevada Transitional Housing - FY 2023**
Addition of \$177,749 in Room, Board and Transportation funds to account for additional revenues received above the legislatively approved amount and placement of the additional funds in the Reserve for Reversion to General Fund category. Requires Interim Finance approval since the amount added to the Reserve for Reversion to the General Fund category exceeds 20% of the legislatively approved amount for that category. **Work Program #C64447. RECEIVED 7-19-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

Refer to motion for approval under Agenda Item I.

- 64. Office of the Attorney General - Extradition Coordinator - FY 2023**
Addition of \$408,485 in funds transferred from the Statutory Contingency Account to cover a shortfall in extradition costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Extradition Costs category exceeds \$350,000. **Work Program #C64480. RECEIVED 7-21-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE. WITHDRAWN 7-28-23.**

Refer to motion for approval under Agenda Item I.

- 65. Department of Education - Pupil-Centered Funding Plan Account - FY 2023**
Transfer of \$53,164 from the Reserve category to the State Education Fund (S.E.F.) Miscellaneous Payments category to return payments incorrectly transferred into the S.E.F. that were subsequently determined to have been received outside the statutory provisions of the Pupil-Centered Funding Plan. Requires Interim Finance approval since the cumulative amount transferred to the S.E.F. Miscellaneous Payments category exceeds 20% of the legislatively approved amount for that category. **Work Program #C64662. RECEIVED 7-31-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

Refer to motion for approval under Agenda Item I.

- 66. Department of Education - Assessments and Accountability - FY 2023**
Transfer of \$2,343,323 from the Reserve category to the State Assessments Contracts category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the State Assessments Contracts category exceeds \$350,000. **Work Program #C64721. RECEIVED 7-31-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

MEGAN PETERSON (Deputy Superintendent, Student Investment Division, Nevada Department of Education [NDE]):

Work program #C64721 requests to pull \$2.3 million out of reserves in budget account 2697 to assist in offsetting costs that were incurred as a result of

a stale claim from fiscal year (FY) 2022. This will allow the NDE to pay the remaining obligations for FY 2023.

SENATOR NEAL:

Please provide more detail on the stale claim from FY 2022 and how that claim caused the NDE to exceed its current expenditure authority?

MS. PETERSON:

Early in FY 2023, the NDE received a stale claim from its vendor for services under a contract. Since that invoice was paid for out of the current budget, it ate into the authority that the NDE had for the invoices it received in FY 2023. The NDE is requesting to move authority from reserves to pay for those existing expenditures.

SENATOR NEAL:

Regarding anticipated contract expenditures and given the increased costs of assessments in FY 2023, how will the additional funding need, beyond the funding in the legislatively approved budget, be addressed for assessments in each year in the 2023-25 biennium?

MS. PETERSON:

I believe you are referring to increasing costs in FY 2024, not FY 2023, is that correct?

SENATOR NEAL:

That is correct.

MS. PETERSON:

The NDE requested an enhancement and received approval for it as part of the legislatively approved budget for FY 2024 and FY 2025 to address those increased costs.

SENATOR NEAL:

Please provide more information regarding the NDE's growing contract expenditures. Funding approved by the 2023 Legislature for State Assessment Contract expenditures are totaling \$17.3 million in FY 2024 and \$17.5 million in FY 2025. However, the department is projecting expenditures of \$19.1 million in FY 2023. Can you explain the difference and provide more information?

MS. PETERSON:

The additional costs in this budget account are accounted for in an offset from another budget account and are shared expenditures across several of the NDE's programs. Approximately \$2.0 million of the costs are accounted for in the other budget accounts.

SENATOR NEAL:

What are the other budget accounts?

MS. PETERSON:

Budget account 2715, and I will provide information regarding the other accounts at a later date.

ASSEMBLYWOMAN ANDERSON:

Relating to Senator Neal's question, it is important to know what those budget accounts are, as funding is being utilized from those accounts to pay for testing. What happens if those budget accounts come before the Committee in the future? Is there a connection between the assessments that this work program is paying for and where the money is coming from? For example, is there a way to make sure money is not being taken away from one area, which will then cause the NDE to have to come back before the Committee shortly thereafter saying that it now needs more money because its budget was spent on assessments?

MS. PETERSON:

When processing its contracts, the NDE identifies by percentage which budget accounts are contributing and by which category. Although only one part of the required payment is being discussed today, which is the portion that is needed to be offset by this budget account, there are allocations that the NDE goes through as it tracks the contributions from each budget account and category for the overall contract. Budget account 2715 is responsible for approximately 23.0% of the contract being discussed today, and the remaining funding is going to be offset by reserves in FY 2023 and will be tracked closely as the NDE goes forward through the fiscal year.

ASSEMBLYWOMAN ANDERSON:

Please provide the Committee with background information on the second or third accounts and the percentage of funding that will come from these accounts. The information should confirm how much money is coming out of each budget account for assessments. Also, does the NDE's request include an expansion of any assessments that have been used in the past, and has the state previously paid for the assessments?

MS. PETERSON:

This is not an expansion; it is a payment for the existing contract as it stands.

CHAIR MONROE-MORENO:

Please provide the Committee with the additional information.

ASSEMBLYWOMAN BACKUS MOVED TO APPROVE
AGENDA ITEM I.66.

SENATOR DONDERO LOOP SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS
PRESENT.

CHAIR MONROE-MORENO:

The Committee needs to rescind its motion to approve Agenda Item I.66. There is a revised amount that needs to be included on the record.

ASSEMBLYWOMAN BACKUS MOVED TO RESCIND THE COMMITTEE'S PRIOR ACTION ON AGENDA ITEM I.66.

SENATOR DONDERO LOOP SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

SARAH COFFMAN, (Assembly Fiscal Analyst, Fiscal Analysis Division, LCB):
For Agenda Item I.66, regarding the NDE Assessments and Accountability budget, the requested reserve reductions should be the same as what is included in the work program, which is \$2,343,323. However, there are other adjustments which include a transfer of projected savings of \$69,867 from the Measures of Academic Progress Assessment category. There is also a transfer of projected savings of \$698,409 from the End-of-Course Examinations category and an increase in federal State Assessment Grant revenue of \$52,401.

ASSEMBLYWOMAN BACKUS MOVED TO APPROVE AGENDA ITEM I.66 AND INCLUDE THE REVISED AMOUNTS.

SENATOR DONDERO LOOP SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

J. STATEMENT OF IFC CONTINGENCY ACCOUNT BALANCE.

SARAH COFFMAN (Assembly Fiscal Analyst, Fiscal Analysis Division, LCB):

I will be walking the Committee through revisions that need to be made to the IFC Contingency Account Statement, which is located on page 191 in Volume III of the meeting packet ([Exhibit C](#)). I would note that the revisions are for two IFC Contingency Account requests that were withdrawn after the agenda was posted; Agenda Item K.2, Department of Education; and Agenda Item K.3, Department of Business and Industry.

The remaining five IFC Contingency Account requests include Agenda Item K.1, Office of the Lieutenant Governor; Agenda Items K.4a, Office of the Military and K.4b, Office of the Military, which relate to funding to assist with the Formula 1 races and the Super Bowl; Agenda Item L, Department of Agriculture; and Agenda Item M, Department of Indigent Defense Services.

Including the two items that have been withdrawn, the total amount requested today for FY 2023 would reduce the Contingency Account balance by \$521,512, taking into consideration \$22,327 for the Office of the Lieutenant Governor and \$499,185 for the Department of Indigent Defense Services. The remaining requests are for FY 2024 for \$510,796 for the Office of the Military, and \$50,000 for the Nevada Department of Agriculture.

If all the requests are approved by the Committee, the total ending fund balance in the Contingency Account would be \$486.5 million. The balance of the unrestricted portion would be \$24.2 million. There is \$1.6 million remaining in the unrestricted Highway Fund. There are no requests before the Committee for Highway Fund allocations from the Contingency Account.

K. REQUESTS 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).

- ~~1. DEPARTMENT OF BUSINESS AND INDUSTRY~~ **OFFICE OF THE LIEUTENANT GOVERNOR** - Request for an allocation of \$22,327 to cover a projected shortfall in the personnel, operating and information services categories in FY 2023. **RECEIVED 7-24-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE. REVISED 7-25-23.**

DANIEL MARLOW (Administrator of Administrative Services, Department of Administration):

This request is for a projected shortfall of \$22,327; mainly for personnel, and a small amount for operating and information services. The shortfall in personnel is primarily due to a terminal leave payout totaling approximately \$21,000. The agency does not budget terminal leave payouts, and because this is a General Fund budget account, the agency does not have adequate funding. The agency was fully staffed throughout the fiscal year.

CHAIR MONROE-MORENO:

I understand the payout was for an employee who retired. Has the agency filled that position?

MR. MARLOWE:

Correct, the employee retired. The position was filled upon appointment of the current Lieutenant Governor.

SENATOR NEAL:

Was the position included in the cost-of-living adjustment increases authorized by the 2023 Legislature, causing an increase prior to the retirement of the employee?

MR. MARLOWE:

The Office of the Lieutenant Governor was responsible for the payout of the employee, who retired in January. The employee accrued time over the course of her career at multiple departments within the state. The employee's current employer is responsible for the payout of sick and annual leave that is allotted per the *Nevada Revised Statutes*.

SENATOR DONDERO LOOP MOVED TO APPROVE
AGENDA ITEM K.1

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE
MEMBERS PRESENT. (Assemblywoman Peters was not
present for the vote.)

2. DEPARTMENT OF EDUCATION - Request for an allocation of \$1,091,352 to cover a projected shortfall relating to certain contracts in FY 2023. **RECEIVED 7-31-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

This item was withdrawn.

3. DEPARTMENT OF BUSINESS AND INDUSTRY - Request for an allocation of \$169,688 for one new Deputy Director position and associated costs.

This item was withdrawn.

4. OFFICE OF THE MILITARY
 - a) Request for an allocation of \$330,933 to cover costs associated with providing supplemental security and emergency triage services to Clark County during the November 2023 Formula One race.

Agenda Items K.4a and K.4b were discussed jointly. Refer to testimony and motion for approval under Agenda Item K.4b.

- b) Request for an allocation of \$179,863 to cover costs associated with providing supplemental security and emergency triage services to Clark County during the National Football League's February 2024 Super Bowl.

Agenda Items K.4a and K.4b were discussed jointly.

JARED FRANCO (Chief Financial Officer [CFO], Division of Emergency Management [DEM], Office of the Military):

Through Agenda Items K.4a and K.4b, the DEM is requesting an allocation of \$330,933 to cover a resource request from Clark County for the

November 2023 Formula One Grand Prix (F1) race and \$179,863 to cover a resource request for Clark County during the National Football League's (NFL) Super Bowl in February 2024.

CHAIR MONROE-MORENO:

Is there anything else to add to the presentation?

BILLY SAMUELS (Emergency Manager, Clark County; Deputy Fire Chief, Clark County Fire Department):

Not currently. The DEM appreciates the opportunity to make this request and looks forward to having F1 and the Super Bowl coming back to Las Vegas.

CHAIR MONROE-MORENO:

Thank you. Nevadans are looking forward to both events being held in Las Vegas.

ASSEMBLYWOMAN BROWN-MAY:

This question relates to the timing of the F1 races and the supplemental support that is being asked for to cover the extra personnel needed to ensure the safety and security of the community during these large events. Although this is a one-time expenditure, it is known that F1 is already contracted in Las Vegas for 2024 and 2025. Given that the budget season has just ended, and this is a one-time expenditure for this one-time event, will the DEM be coming back to the IFC to request an extra supplemental allocation from the IFC Contingency Account for the next events or will future requests be built into the DEM's budget? How will the plans be executed?

MR. SAMUELS:

This is a one-time request. Formula One is new to Clark County and the Las Vegas Valley, so it is unknown what to expect. The F1 course is 3.8 miles long, and 26,000 of the 84,000 hotel rooms in the area are overseeing the venue. We saw what happened after the mass shooting at the Route 91 Harvest music festival on October 1, 2017. It is difficult to maintain structure on open-air venues, and the agency will conduct an after-action meeting once the event is over to see what could be needed in the future. The goal is to appropriately staff the F1 event internally and with the LVMPD and all the resources that agency can bring in. The Super Bowl will be a one-time occurrence unless Las Vegas gets awarded the chance to host for a second year in a row, which is unlikely.

ASSEMBLYWOMAN BROWN-MAY:

The dedication and the planning that goes into executing the safety of these very large-scale events is appreciated. I would like to be involved in the

F1 debriefing to ensure that appropriate emergency systems are in place for the next F1 event.

SENATOR NEAL:

How much money and resources is Clark County putting towards this?

MR. SAMUELS:

Clark County is putting money towards some of the infrastructure that is coming through.

SENATOR NEAL:

Why did these items not come up during the 2023 Legislative Session if it was known that these events were happening? I am also curious about the design of the event and the emergency considerations. Is F1 putting any dollars toward security issues or needs?

MR. SAMUELS:

There are multiple funding sources coming through to help provide safety for operations. This is a joint venture between F1, the Las Vegas Grand Prix, Clark County, the LVMPD, and the Las Vegas Convention and Visitors Authority (LVCVA). Weekly meetings are being held to ensure issues are addressed, including reoccurring funding issues.

SENATOR NEAL:

How much money is being put towards security or emergency management issues? If there are already contributions being made by other entities in multiple layers, how much are these groups putting forward? Why is the state still paying \$330,000?

MR. SAMUELS:

The \$330,000 is going to be used by the Nevada National Guard to work two basic components. The first pertains to a medical surge that level one and level two trauma centers are put into, which includes Sunrise Hospital and Medical Center (Sunrise) and the University Medical Center of Southern Nevada (UMC). There is a medical component of the F1 event, so when there is a patient surge, medical staff can handle the need. After the Route 91 Harvest music festival mass shooting, a lot of injured people were transported via private vehicle, therefore the injured could not be diverted appropriately to take the pressure off those hospitals like an ambulance could. When it comes to an event where there is a large surge, people are going to get on their phones and google what the closest hospital is. There are two trauma centers, if someone googles "trauma," the internet search will result in UMC and Sunrise, so that is where the medical wings are focused. The second component pertains to the foot side that the Nevada National Guard will oversee.

JASON RICH (Police Officer, LVMPD):

The F1 event will look very similar to New Year's Eve events that take place on the Las Vegas Strip, with the LVMPD using Nevada National Guard troops. The LVMPD has gotten to the point where most of its security resources are taxed, so it pulls in other agencies from Henderson and North Las Vegas as well. Clark County has security limits because of its isolation from other large metropolitan areas. The LVMPD uses the Nevada National Guard on New Year's Eve to provide vehicles and personnel, with officers from the Nevada National Guard or the Active Guard Reserve being assigned to each vehicle so that both parties work and speak together. Certain points of the racetrack, such as those at Flamingo Road, Spring Mountain Road, Sahara Avenue, and Tropicana Avenue, are hardened so the race cars do not run into the high-traffic avenues. If there is a critical incident, the hardened areas can be pushed out to create mobility so first responders can get to the accident immediately. Lastly, Nevada National Guard troops provide a lot of support for critical infrastructure. If the LVMPD is out doing a mission and trying to keep the community safe, the Nevada National Guard will cover substations, hospitals, and power stations, if needed. The Nevada National Guard's tasks are built into a layered mission approach when it comes to events such as F1, New Year's Eve, and the Super Bowl.

SENATOR NEAL:

Although these events are exciting, it is concerning that Clark County is planning these large events and then asking the state for funding. There were many conversations during the 2023 Legislative Session about county ideas and funding, but these events were not brought up. Is the LVMPD putting in any additional dollars? Along with the mixed budget from the city and county being used to fund the event, is any money coming from the LVCVA, Clark County, and the F1 group?

MR. RICH:

The LVMPD takes a layered approach and utilizes some on-duty resources such as a fusion center. As far as just adding money to the project's mixed budget, that information would have to come from the LVMPD's CFO. The LVMPD provides tangible resources that can be used on duty that do not impact the community but can help the event if needed.

SENATOR TITUS:

To confirm, the money that is being requested will allow the Nevada National Guard to have designated personnel on standby for the event. Is that correct?

MR. FRANCO:

That is correct. The money being requested is all state assets that will fund the Nevada National Guard presence as well as eight DEM personnel to support emergency management.

SENATOR TITUS:

The funds being requested will be spent on allocating supplies and personnel for the event. The funds will not cover responding to an emergency, and other resources would be required to intervene when an emergency occurs. These funds are simply being allocated for standby personnel, correct?

MR. FRANCO:

That is correct. The requested funds will be allocated for personnel costs, travel, and lodging. If an incident does arise, funding will come from other sources to cover associated expenses.

SENATOR TITUS:

Will funding needs remain the same, or will they increase if certain supplies are used?

MR. FRANCO:

The funding needs will remain the same.

SENATOR TITUS:

Has the LVMPD extrapolated these numbers based on New Year's Eve events? Are figures based on attendance and on what was spent in the past on New Year's Eve events?

MR. RICH:

Yes, the LVMPD looked at past history and the number of police officers available to staff. The LVMPD also identified gaps where more than just security is needed, which will be filled with ranks, structure, and more than may be available to the department. The Nevada National Guard brings additional focus to events that regular security does not always provide, with resources being invested in these areas.

SENATOR TITUS:

I would like to applaud the LVMPD for being proactive and prepared in case an emergency occurs. Hopefully nothing happens, but more preparation is better than none. Thank you for what you do.

SENATOR DONDERO LOOP MOVED TO APPROVE
AGENDA ITEMS K.4a AND K.4b.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

- L. **REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO SECTION 73 OF ASSEMBLY BILL 520 SENATE BILL 511 (2023 LEGISLATIVE SESSION) (Note: IFC may approve a different amount for an allocation than the amount requested) - DEPARTMENT OF AGRICULTURE** - Request for an allocation of \$50,000 to fund contract fiscal support. **REVISED 7-11-23.**

MARKO MARKOVIC (Administrative Services Officer, Department of Agriculture):
The Nevada Department of Agriculture (NDA) is requesting an allocation from the IFC Contingency Account in the amount of \$50,000 that was appropriated through Section 73 of Senate Bill (S.B.) 511 (2023 Legislative Session).

CHAIR MONROE-MORENO:
What will this funding be used for?

MR. MARKOVIC:
The NDA needs additional staff in its fiscal division. During FY 2023, there was significant turnover in staff due to staff being burnt out from an excessive amount of overtime and work. The agency currently has a total of 20 budget accounts. Of the 20 accounts, 13 are executive budget accounts and 7 are non-executive budget accounts. Only two staff members are managing all these budget accounts. Additionally, the NDA has a federal team that has three members. Of these three members, there is one vacancy.

The NDA is currently managing approximately 116 unique grants and programs and is responsible for 286 issued subawards. On an annual basis, the NDA must perform 444 financial reports and complete approximately 284 financial drawdowns to replenish funds that are being paid to subrecipients. In addition to these tasks, the NDA is also in need of someone who can take on calculating the fees needed for the new State Meat Inspection Program, which is currently undergoing approvals from the U.S. Department of Agriculture (USDA) and will result in changes to the *Nevada Revised Statutes*. The NDA needs someone who can dedicate time to work on calculating how much these fees should be so the program can be self-sustained without any help from General Funds or American Rescue Plan Act (ARPA) funds that were awarded to the agency to start this program.

CHAIR MONROE-MORENO:
To confirm, this position will mostly be focusing on the management of grants and budget accounts and will also be assisting with the State Meat Inspection Program. However, assisting with the program will not be the main portion of the job, correct?

MR. MARKOVIC:

That is correct. The person that the NDA is asking to hire is a part-time contract employee. The \$50,000 would pay for approximately six months of having someone in a full-time position, or approximately 1,027 hours based on the current rate of pay identified for this classification code, and the mark up rate from any of the temporary agencies, which is 34.9%. The new temporary hire would help manage three executive budget accounts that are funded from the State General Fund, as well as three non-executive budget accounts that are a part of the agency. This person will also work on helping manage these passthrough grants. The NDA has approximately \$236 million in passthrough grants and does not receive any administrative funds to manage the passthrough grants. These are mostly nutrition grants that are paying for the USDA National School Lunch Program, the School Breakfast Program, and include farmer's assistance grants that are paying for the USDA Fresh Fruit and Vegetable Program. The NDA's fiscal team is stretched very thin, and the department needs help to be able to stay on top of the tasks and ensure recipients are reimbursed in a timely manner so they can continue providing food to the underserved and poor populations of Nevada.

The meat inspection part of the job would be only doing a financial assessment and calculating the fees. The new hire would not be managing the program or be involved in the program and will just assist the NDA in doing research and calculations based on the expected number of meat producers in the state. The new hire will also calculate expected expenditures for the program over the next couple of fiscal years and determine how much each inspection and certificate should cost so that the NDA can be financially stable and fair to the businesses who are trying to obtain these certificates and licenses.

SENATOR DONDERO LOOP:

Why was the finance piece of this program not addressed in the bill hearing during the 2023 Legislative Session?

MR. MARKOVIC:

Due to inexperienced staff, the request was not clearly identified in the original budget submission. The NDA worked with the GFO on providing some additional clarification; however, there was a misconception that the \$50,000 was being asked to fund the State Meat Inspection Program which is funded with the state ARPA Coronavirus State Fiscal Recovery Funds. Due to these reasons and it being unclear regarding how these funds would be used, the NDA was asked to come back to the IFC and clarify what the goal and plan are for using the \$50,000 approved through S.B. 511.

SENATOR NEAL:

After the six months is over, who is going to take over this role? The NDA and its food programs are going to require continued support.

MR. MARKOVIC:

The NDA is currently looking for help. These tasks are not handled by any additional employees right now and are dispersed among existing employees. However, the department has already lost several team members due to staff being burnt out and having to work excessive amounts of overtime. The plan is to continue seeking grant funds that can be used to fund a position like this in the future and help with the current workload. During the last budget building process, the agency requested six positions in the administrative budget. Of these six positions, three were fiscal positions, but none were approved. The NDA needs additional staff to continue supporting subrecipients and meeting the deadlines that are ahead.

SENATOR NEAL:

Regarding the NDA program and the size of the grant, will the one new hire come from another agency where they have familiarity with the program? Will there be an extensive training program to help the new position understand the program, so they are not burnt out in six months resulting in the same problem?

MR. MARKOVIC:

The position would be a temporary contract position and there would be no stealing or borrowing anyone from other state agencies. The NDA will reach out to the temporary agency in the hopes that someone can be found who has the experience that is needed. It would be ideal to find someone who is already familiar with the state systems and can help without going through any extensive training. As mentioned earlier, there are currently only three people on the department's federal team who are managing all these grants. Of these three positions, one has been vacant since June 30, 2023. The position will be vacant for a while because the classification code for the Grants and Project Analyst 1 position is very complex and there are not enough candidates out there that the NDA can hire from. The department is working on finding resources available to the state to fill this position as soon as possible and is hoping to obtain the additional \$50,000 to hire a contract employee to help bring the department up to speed with some tasks that are already overdue.

CHAIR MONROE-MORENO:

To clarify, there was a request for six additional employees, but that request was denied. Were those positions included in the Governor's recommended budget that was presented to and discussed with the Legislature, or was the request not included in the budget that the Committee received?

MR. MARKOVIC:

The positions were included in the agency's request, but they did not migrate over to the Governor's recommended budget.

CHAIR MONROE-MORENO:

Thank you for that clarification. I did not remember this body having that discussion during session, nor denying those six positions, so thank you for clarifying.

SENATOR GOICOECHEA:

Although I support the State Meat Inspection Program, I will be abstaining from this vote because of my relationship with the Director of the NDA.

SENATOR DONDERO LOOP MOVED TO APPROVE
AGENDA ITEM L.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS
PRESENT.

- M. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO SECTION 80 OF ASSEMBLY BILL 494 (2021 LEGISLATIVE SESSION) (Note: IFC may approve a different amount for an allocation than the amount requested) - DEPARTMENT OF INDIGENT DEFENSE SERVICES** - Request for an allocation of \$499,185 to reimburse Churchill, Douglas, Eureka, Lander, Lyon, Mineral, Nye and White Pine Counties for costs in excess of the maximum contribution amount for indigent defense services.

MARCIE RYBA (Executive Director, Department of Indigent Defense Services [DIDS]):

The Department of Indigent Defense Services is requesting an allocation from the IFC Contingency Account pursuant to Section 80 of Assembly Bill 494 (2021 Legislative Session) to reimburse rural counties that have met their maximum contribution amount for indigent defense services that the State of Nevada has set. Once counties have met their maximum contribution amount, they can request reimbursement from the state through DIDS. These requests are for counties that were specifically set forth in the *Davis* stipulated consent judgment that the State of Nevada is currently in.

ASSEMBLYMAN YEAGER:

What was the conclusion of the discussions regarding DIDS funding that took place during the 2023 Legislative Session? I believe there was a one-time enhancement that was made to DIDS' budget during session, and I assume that DIDS was already planning on submitting the current request to the Committee. Is that correct?

Ms. RYBA:

The Department of Indigent Defense Services was created in 2019 and when it came before the Legislature in 2021, Nevada counties did not know how much they could expect to be reimbursed for the provision of indigent defense services.

Instead of building this amount into the budget, the Legislature decided to set aside approximately \$1.2 million in each year of the 2021-23 biennium in Section 80 funds. The Legislature also set aside \$7.0 million over the 2021-23 biennium to be placed in DIDS' budget. This equates to \$3.5 million in each year. However, if that is insufficient, Assembly Bill 518 (2023 Legislative Session) provides approximately \$15.0 million for DIDS to use in case there is insufficient funding available to reimburse rural counties for their provision of indigent defense services.

ASSEMBLYMAN YEAGER:

During the 2023 Legislative Session, there was discussion of a death penalty case in a rural county and how expensive it would be. Is any of the \$499,185 being requested related to the *Bean v. State (2019)* death penalty case, or is the funding related to other cases?

MS. RYBA:

That is correct. A portion of the \$499,185 will be used to cover expenses associated with the *Bean v. State (2019)* death penalty case that took place in Lyon County. The department is asking counties to specifically report what is spent on death penalty cases as opposed to all other case types. Because Lyon County is considered a *Davis* county, part of the funding can be used towards the death penalty case, but the \$499,185 is insufficient. In fact, the Legislature allocated an additional \$2.6 million supplemental appropriation, and DIDS will be making all the counties whole. Some of the funding being requested will go towards death penalty cases. There is also a second death penalty case in Pershing County that occurred in FY 2023. There will be money used from the budget to finance this case as well.

ASSEMBLYMAN O'NEILL:

The man involved in the Lyon County death penalty case killed himself. Will the funding that was allocated towards the case be redacted or transferred elsewhere?

MS. RYBA:

The department is requesting funding to cover actual amounts that counties have spent on indigent defense services, such as bills that have been received and paid. DIDS does not give any extra money out to counties based on what they expect to spend. Counties must provide their ledgers to DIDS showing actual expenditures, and the department goes through the ledgers to ensure expenses are related to indigent defense services. DIDS works with the rural counties to confirm that they are receiving the money they are entitled to, and nothing more.

ASSEMBLYMAN YEAGER MOVED TO APPROVE AGENDA
ITEM M.

SENATOR DONDERO LOOP SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

- N. REQUEST FOR EXTENSION OF REVERSION DATE FOR PREVIOUS ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268 - Office of the Secretary of State** - Request for an extension of the reversion date of the IFC Contingency Account allocation approved on February 9, 2022, from June 30, 2023, to June 30, 2024, to cover costs associated with the implementation of Assembly Bill 321 of the 2021 Legislative Session.

DEANNA SPIKULA (Help America Vote Act Administrator, Elections Division, Office of the Secretary of State [SOS]):

Through Agenda Item N, the SOS is requesting to balance forward \$1,278,033 to cover costs associated with the implementation of Assembly Bill (A.B.) 321 (2021 Legislative Session). When this funding was originally approved by the IFC on February 9, 2021, it was used to purchase ballot sorters, ballot drop boxes, and other items related to the implementation of A.B. 321. Since then and following the 2022 election cycle, several new clerks have been elected and opportunities for improvement have been identified. This funding will enable the purchase of those additional items in preparation for the 2024 election cycle.

SENATOR DONDERO LOOP MOVED TO APPROVE AGENDA ITEM N.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

- O. STATEMENT OF DISASTER RELIEF ACCOUNT BALANCE.**

SARAH COFFMAN (Assembly Fiscal Analyst, Fiscal Analysis Division, LCB):

The statement for the Disaster Relief Account can be found in Volume III of the meeting packet on page 293 ([Exhibit C](#)). The current Disaster Relief Account balance as of July 17, 2023, was \$10,581,285. There is a request from the Office of the Military to cover emergency response and management costs associated with the March 2023 winter of \$256,107. If this item is approved today, there will be a balance in the account of \$10,325,178.

There was no further discussion on this item.

- P. REQUEST FOR APPROVAL OF A GRANT FROM THE DISASTER RELIEF ACCOUNT PURSUANT TO NRS 353.2705 TO 353.2771 INCLUSIVE - OFFICE OF THE MILITARY - Division of Emergency Management** - Request for approval of a grant in the amount of ~~\$257,332~~ **\$256,107** from the Disaster Relief Account to reimburse emergency response and management costs associated with the March 2023 winter storms. **REVISED 7-21-23.**

JARED FRANCO (Chief Financial Officer, Division of Emergency Management [DEM], Office of the Military):

The DEM is requesting \$256,107 from the Disaster Relief Account so that the division can cover the 25% required match for the public assistance grant that it received during the atmospheric river event in March 2023.

SENATOR DONDERO LOOP MOVED TO APPROVE AGENDA ITEM P.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

- Q. REQUEST FOR APPROVAL OF A LEASE OF STATE LANDS PURSUANT TO NRS 321.335 - STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES - Division of State Lands** - Request for approval of a lease to American Rail Bike Adventures for occupancy and use of space on the grounds of the Nevada State Railroad Museum in Boulder City for purposes of operating a rail bike tour business.

CHARLIE DONOHUE (Administrator, Division of State Lands, Department of Conservation and Natural Resources):

Agenda Item Q relates to a revenue-generating lease between the Division of State Lands on behalf of the Division of Museums and History within the Department of Tourism and Cultural Affairs to operate railbike activities at the Nevada State Railroad Museum in Boulder City. The lease will generate approximately \$427,500 annually and those funds will be deposited into the State General Fund. The lease has an initial term of five years with two options to extend the lease for five years each time.

ASSEMBLYWOMAN BROWN-MAY:

Is there currently a Northern Nevada rail bike system that operates out of the train depot in Carson City?

MR. DONOHUE:

There is no current rail system operation at the Nevada State Railroad Museum in Carson City. However, there was a nonprofit operation by the landfill for the Virginia and Truckee Railroad in the past.

ASSEMBLYWOMAN BROWN-MAY:

Would this organization be for profit or nonprofit? The operation in the north is for-profit.

MR. DONOHUE:

This is a for-profit company. The solicitation went through the competitive process as defined within NRS 321.335. The initial vendor was not happy with the negotiations and did not feel the minimum monthly payment could be met. In the end, the second option of American Rail Bike Adventures was chosen.

ASSEMBLYWOMAN GORELOW:

When the contract ends in 2038, will there be another request for proposal (RFP) put out or will there be another discussion to continue with this company?

MR. DONOHUE:

The Division of State Lands on behalf of the Division of Museums would go through the competitive bidding process again at that time.

ASSEMBLYWOMAN BACKUS:

There is a provision in the lease that allows for the potential renewal for two five-year periods. To confirm, there will not be another RFP put out when the lease agreement is potentially renewed, there will only be an RFP put out if the original agreement was terminated. Is that correct?

MR. DONOHUE:

That is correct. There are provisions within the lease stating that if the entity is not performing, the state or vendor can terminate the lease. However, if the lessee were to perform as defined within the lease and the divisions' policies in Boulder City, there could be an opportunity to extend the lease twice for an additional five-year term. This means that the lease could go on for a total of 15 years in Boulder City.

SENATOR DONDERO LOOP MOVED TO APPROVE AGENDA
ITEM Q.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS
PRESENT.

R. DEPARTMENT OF BUSINESS AND INDUSTRY - Housing Division - INFORMATIONAL ONLY - Status report on the Home Means Nevada Initiative for affordable housing as requested during the April 7, 2022, meeting of the Interim Finance Committee.

CHRISTINE HESS (Chief Financial Officer, Housing Division, Department of Business and Industry):

The Nevada Housing Division provided an updated report and spreadsheet in Agenda Item R - Home Means Nevada Initiative Award Status Spreadsheet ([Exhibit K](#)) that allows for better tracking of the Home Means Nevada Initiative projects that have been awarded and provides real-time status updates. At the top of the spreadsheet, there is an overall summary in which the total proposed funding is indicated, being approximately \$498.8 million for these projects. The actual funding that has been awarded and the total amount of funds that have been obligated are also shown. Per the U.S. Treasury, December 31, 2024, is the deadline for the Housing Division to obligate the funding that it has been awarded. As shown, as of August 2, 2023, the Housing Division obligated approximately \$128.1 million, with total expended funds being approximately \$22.1 million. The total expended funding involves projects that reimbursement is being requested for upon the receipt of all documentation. The spreadsheet ([Exhibit K](#)) has been revised and broken down into four different categories. The status column on the spreadsheet indicates which projects have executed their agreements, and new columns showing obligated funds as of August 2, 2023, and the amount of funding expended to date have been added.

SENATOR NEAL:

What is the address of the Old Rose Gardens project?

STEVE AICHROTH (Administrator, Housing Division, Department of Business and Industry):

The Housing Division has a call scheduled in 15 minutes with the Southern Nevada Regional Housing Authority (SNRHA) and I will ask them the address of the location and provide that information to the Committee.

SENATOR NEAL:

I am only aware of one Rose Gardens Senior Apartments location, and that location has already received funding from the U.S. Department of Housing and Urban Development's Housing Choice Voucher Program in 2015 and 2017 – in 2017 the location was awarded \$21.0 million to remodel its 43-year-old unit. Why would the location need additional updating if it was just updated in 2017?

MR. AICHROTH:

I believe the new project will be an expansion because it did fall under the new development category and not the preservation category, but I will provide the Committee with a definitive answer.

SENATOR NEAL:

There used to be a vacant lot located next to the property, but the area appears to now be gated and to contain retail trailers from different companies. There also appears to be a new building in the back of the location, but it does not appear to be a part of the 120 units that are gated and a part of Rose Gardens Senior Apartments.

SENATOR SEEVERS GANSERT:

While there is approximately \$496 million of actual funding provided and proposed, the total obligated funding is at \$128.1 million. Is it the federal government's standard that funds must be obligated by a certain deadline versus being provided and proposed?

MR. AICHROTH:

Funds must be obligated to meet the December 31, 2024, deadline.

SENATOR SEEVERS GANSERT:

The funds are currently at about 25.0% and the Housing Division has a little over a year to go to make sure all those funds are obligated. There have been discussions in the past about having backup plans if some of these projects do not materialize. What are the division's backup plans as far as having a contingency to make sure that the entire \$496 million is obligated?

MR. AICHROTH:

That is some of the impetus for the discussion the Housing Division will shortly be having with the SNRHA to ensure that its projects are moving forward, and that the division is working with every developer involved. The division has seen an acceleration in the number of agreements that have been executed; therefore, once the agreement is executed, the funds are obligated. The division has some tax credit properties that it must work through which can take a bit longer, but the division does expect the agreements with those properties to go through. The division has also had discussions with the GFO and knows that funding must be obligated by December 31, 2024. The GFO would like to see the funds obligated by April 2024 so there is an eight-month period to ensure that funds can be reverted if necessary. There is no shortage of other projects that funding can potentially waterfall down to. The division would need to make sure that the funding for those projects could be obligated by 2024.

SENATOR SEEVERS GANSERT:

These projects can involve long lead times. I know the Committee has allocated this amount of money into this category, but there is probably some flexibility if a change in categories needs to be made. That might be why the GFO is looking towards April 2024 to obligate funds, because there must be some sort of drop-dead date by which the division has gone through all its contingencies that have enough time left to be executed or obligated. The Committee needs to keep tracking this.

CHAIR MONROE-MORENO:

Looking through the spreadsheet ([Exhibit K](#)), there are several projects that involve ongoing discussions, with the Housing Division having a discussion with the SNRHA following this meeting. Of the projects that have documents and are undergoing final review, how close are they to being closed?

MR. AICHROTH:

Most of the projects are relatively close to being closed. As an example, in the preservation category, the project occurring at McGraw Court shows a status of documents in the final review process, however the project was executed yesterday after the spreadsheet ([Exhibit K](#)) was provided to the Committee. Effectively, most of the projects involving grant agreements will turn quickly. Projects involving loan agreements, particularly in those entities that are tax credit properties, have layered funding and will involve a lot of taxes and opinions and lawyers will get involved, which will lengthen the final review process. For the most part, for projects with documents that are in final review, the division has had discussions and is waiting on board or legal counsel approval.

There was no additional discussion on this agenda item.

S. INFORMATIONAL ITEMS.

SARAH COFFMAN (Assembly Fiscal Analyst, Fiscal Analysis Division, LCB):

No items have been pulled for additional discussion under Agenda Item S.

- 1) OFFICE OF THE GOVERNOR - Governor's Office of Finance - Budget Division - Quarterly report on Executive Branch agencies contracting with current or former employees of the state, for the period ending March 31, 2023, pursuant to NRS 333.705(5).

There was no discussion on this item.

- 2) OFFICE OF THE STATE TREASURER - Report on the Bond Interest and Redemption Fund pursuant to Section 20(3) of Assembly Bill 1 (34th Special Legislative Session, 2023).

There was no discussion on this item.

- 3) DEPARTMENT OF ADMINISTRATION - State Public Works Division
 - a) Capital Improvement Program - Quarterly report concerning the consolidated funding approach for Capital Improvement Program Project 21-M02, Deferred Maintenance, Department of Health and Human Services, for the period ending June 30, 2023 (letter of intent, 2021 Legislative Session).
 - b) Information regarding the Project Status Exception Report pursuant to NRS 341.100(8)(g).

There was no discussion on these items.

- 4) STATE PUBLIC CHARTER SCHOOL AUTHORITY - Semiannual report on the progress in conducting site evaluations of sponsored charter campuses statewide for the period ending June 30, 2023 (letter of intent, 2021 Legislative Session). **RECEIVED 7-26-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

There was no discussion on this item.

- 5) NEVADA SYSTEM OF HIGHER EDUCATION
 - a) Reports on the use of consultants for the July 1, 2022, through December 31, 2022, reporting period, pursuant to NRS 333.705(7).
 - b) Reports on the use of consultants for the January 1, 2023, through June 30, 2023, reporting period, pursuant to NRS 333.705(7).
 - c) Quarterly report on the progress of the University of Nevada, Reno School of Medicine in obtaining federal approval for a research program on the medical use of marijuana as well as the status, activities, and information received through the program for the period ending June 30, 2023, pursuant to NRS 678C.700(5). **RECEIVED 7-26-23, AFTER THE 7-12-23 SUBMITTAL DEADLINE.**

There was no discussion on these items.

- 6) DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION - Rehabilitation Division - Notification of a change in status of one intermittent position to one permanent position, resulting in an increase of 1.0 in total FTE count.

There was no discussion on this item.

- 7) DEPARTMENT OF MOTOR VEHICLES - Status report on the issuance of technology fee refunds as required by the stipulation agreement dated November 1, 2021, for the period ending June 30, 2023.

There was no discussion on this item.

T. PUBLIC COMMENT.

AL ROJAS:

I live in Assembly District 12 and Senate District 21. I am an advocate trying to reduce homelessness and bring respect to homeless people. I am also trying to reduce crime in our community and in our schools. I want to let the Legislature know that I am getting bipartisan support on a new bill I am proposing. I have support from the following people in the Legislature: Assemblywoman Considine, Assemblywoman Summers-Armstrong, Assemblywoman Thomas, CCSD Board Member Zamora, CCSD Board Member Cavazos, and CCSD Superintendent Jara. Approximately 10% of the people commit

90% of the crimes and our dropout rate is about 10%. This law I am proposing would make sure there is one counselor for every 200 students. That is the problem - we must keep these kids' heads in school. Our crime rate is so high in our cities because our dropout rate is so high.

I come from Orange County. I spent 38 years there, but I grew up in Los Angeles. You can take the kid out of the inner city, but you cannot take the inner city out of the kid. I care about these people, and I care about my community. The law I am proposing and that I am getting bipartisan support on is going to allocate money for these counselors, so we can bring the number down from 1 counselor for 600 students to 200. I have Superintendent Jara's support on that. Now, I do not know all the details. Assemblywoman Considine said that how the money is spent cannot be enforced by the Legislature. Hopefully there is a way around that. If we do not keep these kids in school, we are never going to get the crime rate down. I support the Las Vegas Metropolitan Police Department and I am a community activist. They are telling us we are having problems with kids ages 12 to 21. We have to find a way to keep them in school. I think a bill in that direction would help. I think we all agree on that - bipartisan-wise. I think I can get the Republicans on my end to help. The Democrats are supporting it, even Commissioner Tick Segerblom. I just thought I would mention it. Hopefully we can get it going. That is the problem with our inner cities. Our dropout rate is too high.

CHRISTINA IVANOV:

I live in Assembly District 42 and am really disappointed in what the Legislature did today. You tried to spin it politically, but it is not political. You tried to make it look like Governor Lombardo did not fulfill his promise. Last election, I was very involved in politics. I listened to all the candidates, and I never heard the Governor promising to fund 300 kids. He was just trying to help the kids that were already promised because they work hard for this. So, you just twist it around to say that it is political. It is really sad. It was about a handful of kids; it was not even about the Opportunity Scholarships. You were not funding anybody else - you were supposed to fund only the kids who were already going through the program. So, it is absolutely mind-boggling to me what mental gymnastics you had to go through to tell yourself that what you did was right. I am very disappointed. I have been listening through the whole discussion. I know it was a long day. I have better things to do than to listen to this, but somebody had to - somebody has to hold you accountable.

Chairwoman, I really like you, but you said it right and I hope the voters are going to listen, at least to this session today and I really hope most of you are not reelected. Because you do not put the kids first. You put politics first. You do not put constituents first. Those kids are going to be so disappointed when they wake up. My heart breaks for them. I cannot imagine what that would be like. How can you do that? You said you are a mother and a grandmother. Imagine your grandchild waking up tomorrow to find out they cannot go to the school they like because politicians try to play politics. It is sad. I know it was a long day. I was there with you most of the time and it is very disappointing. And thank you to everybody who voted no to this motion. I do not know why you politicians make things so complicated.

DAVID GIBBS (President, Nevada Republican Club):

I want to congratulate the Democrats for finding a villain other than themselves on this issue. But it once again shows that the Democrats are more interested in the politics than they are in the children. I congratulate the Democrats for once again ignoring those at the lower-income end of the spectrum in our society. Any of those who wish to join the Republican Party know that it is the Republicans who care about your children. Thank you for today. I listened in almost the entire day. Thank you to all of those who voted no.

MINDDIE LLOYD (Project Director, Injured Police Officer's Fund):

I want to thank you for your hard work today. I know it has been a super hard day for all of you just trying to help us. We look forward to working with you to ensure these funds stay in Nevada. We look forward to 2025.

DANA STERN (Administrator, Silver State Scholarships):

I mirror what Minddie said. Thank you. I know how difficult it was. I am very pessimistic about the outcome for this year because all things being considered and what they are, we are not going to get the funding this year. But I am hoping that whatever you can work out to get the organizations together to make it more equitable and that this is going to be a one-time thing for us to have to deal with these families in such a negative way. I hope that moving forward, we can find a way to get them back on the right track again.

CHAIR MONROE-MORENO:

The Committee looks forward to working with the SGOs in addressing the issues with the Nevada Educational Choice Scholarship Program.

LINDA GANNON provided public comment for the record ([Exhibit M-26](#)).

DIANE POYZER provided public comment for the record ([Exhibit M-27](#)).

LEO HENDERSON provided public comment for the record ([Exhibit M-28](#)).

CHARLES GRONBACH provided public comment for the record ([Exhibit M-29](#)).

DAVID A. TILEM provided public comment for the record ([Exhibit M-30](#)).

LAURA DORITY provided public comment for the record ([Exhibit M-31](#)).

PATRICIA A. BRINKLEY provided public comment for the record ([Exhibit M-32](#)).

TERI GRAF-PULVINO provided public comment for the record ([Exhibit M-33](#)).

DR. CONNIE Y. STOLWORTHY provided public comment for the record ([Exhibit M-34](#)).

CHARLES COHN provided public comment for the record ([Exhibit M-35](#)).

Ms. ALBEZA provided public comment for the record ([Exhibit M-36](#)).

ROCIO PEREZ provided public comment for the record ([Exhibit M-37](#)).

NICOL HERRIS provided public comment for the record ([Exhibit M-38](#)).

BARBARA GROSS provided public comment for the record ([Exhibit M-39](#)).

JESSE LAW (Clark County Republican Party of Nevada) provided public comment for the record ([Exhibit M-40](#)).

GORDON MCGREGOR provided public comment for the record ([Exhibit M-41](#)).

RO-AN DELOS REYES provided public comment for the record ([Exhibit M-42](#)).

BOB ANDERSON provided public comment for the record ([Exhibit M-43](#)).

SUSAN KAISER provided public comment for the record ([Exhibit M-44](#)).

L. NICOLE RODRIGUEZ (Grace Christian Academy) provided public comment for the record ([Exhibit M-45](#)).

AMY LUKSZA (America's Scholarship Konnection) provided public comment for the record ([Exhibit M-46](#)).

CARTER SCHLEICHER provided public comment for the record ([Exhibit M-47](#)).

LEE HOFFMAN provided public comment for the record ([Exhibit M-48](#)).

MARCOS LOPEZ provided public comment for the record ([Exhibit M-49](#)).

STEVEN HORNER provided public comment for the record ([Exhibit M-50](#)).

PHILLIP KAISER provided public comment for the record ([Exhibit M-51](#)).

BARNEY WADLEY provided public comment for the record ([Exhibit M-52](#)).

LAURA D. WALLER provided public comment for the record ([Exhibit M-53](#)).

DEBORAH MARDON provided public comment for the record ([Exhibit M-54](#)).

MATTHEW MONTOGNESE provided public comment for the record ([Exhibit M-55](#)).

BYRON BROOKS (Nevada System of Higher Education) provided public comment for the record ([Exhibit M-56](#)).

MICHAEL L. GREEDY provided public comment for the record ([Exhibit M-57](#)).

JAMES BENTHIN provided public comment for the record ([Exhibit M-58](#)).

SUSAN DUBIN provided public comment for the record ([Exhibit M-59](#)).

MONTEREY BROOKMAN provided public comment for the record ([Exhibit M-60](#)).

ERIN PHILLIPS and DEBORAH EARL provided public comment for the record ([Exhibit M-61](#)).

SALOME BALECHA provided public comment for the record ([Exhibit M-62](#)).

MARTSELINA PHILLIPS provided public comment for the record ([Exhibit M-63](#)).

TOM WILSON provided public comment for the record ([Exhibit M-64](#)).

NATASHA NONEO provided public comment for the record ([Exhibit M-65](#)).

JANA WRIGHT provided public comment for the record ([Exhibit M-66](#)).

RICHARD HADDRILL provided public comment for the record ([Exhibit M-67](#)).

CHRIS DALY (National Education Association) provided public comment for the record ([Exhibit M-68](#)).

U. ADJOURNMENT.

Chair Monroe-Moreno adjourned the meeting at 9:49 p.m.

Assemblywoman Daniele Monroe-Moreno, Chair
Interim Finance Committee

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