

**Senate Committee on Finance and
Assembly Committee on Ways and Means
CLOSING LIST #1
May 12, 2015**

<u>BUDGET ACCOUNT</u>	<u>EXECUTIVE BUDGET PAGE</u>
	<u>Volume I</u>
<u>Office of the Governor</u>	
Office of Science, Innovation and Technology (101-1003)	ELECTED-32

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Senate Finance and Assembly Ways and Means
 Committees Meeting Jointly
 W02 - WORKING VERSION 2

Title: OFFICE OF SCIENCE, INNOVATION AND TECHNOLOGY
 Account: 101 - 1003

Budget Page: ELECTED-32, Volume I

Revenues	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
GENERAL FUND				2,000,000		3,000,000	50.00
Total Revenues				2,000,000		3,000,000	50.00
Total FTE				4.00		4.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

The Office of Science, Innovation and Technology is established in the Office of the Governor pursuant to NRS 223.600. However, it has been inactive since 2003 when funding was removed from the budget. The reestablished office would promote the development of a skilled workforce in the areas of Science, Technology, Engineering, or Mathematics (STEM) and improve broadband availability, adoption, and use.

Major Closing Issues

1. Reestablishment of the Office of Science, Innovation and Technology
2. Four New Non-Classified Positions and Broadband Planning and Implementation
3. STEM Challenge Grant Program

Discussion of Major Closing Issues

1. Reestablishment of the Office of Science, Innovation and Technology (Summary, ELECTED 32-33):
The Executive Budget recommends General Fund appropriations of \$5.0 million over the 2015-17 biennium to reestablish the Office of Science, Innovation and Technology (OSIT). The funding recommended by the Governor supports four non-classified positions and operating costs, provides resources to improve Nevada’s broadband infrastructure and access, and would make available \$3.0 million over the 2015-17 biennium to support a new STEM Challenge Grant program.

In response to the Committees’ and staff questions regarding the need to reestablish this office, the Governor’s Office indicated increasing attention has been paid to the state’s need to develop and monitor Science, Technology, Engineering and Mathematics (STEM) programs and activities to support economic growth and diversification. A 2014 report by the Brookings Institute titled, *Cracking the Code on STEM*, indicates the state’s current STEM activities lack strong vision, have a shaky alignment of program alignment with state economic goals and that the state also continues to have a STEM

proficiency crisis. The Brookings report recommended that the Governor take the lead role in coordinating and developing STEM activities.

The Governor's Office also referred the Committees to a report issued by the Nevada Broadband Taskforce issued in November 2014, which outlined how technology plays a pivotal role in how businesses operate, the type of services consumers expect and how services are provided. The Governor's Office, in support of the report's findings, indicated that deploying broadband infrastructure and supporting universal adoption and meaningful use, are essential to a 21st century STEM economy in Nevada.

In response to questions regarding why the proposed activities of OSIT could not be performed by existing agencies such as Nevada System of Higher Education (NSHE), the Governor's Office of Economic Development (GOED) or the Department of Employment, Training and Rehabilitation (DETR), the Governor's Office again referred to the Brookings report. The report indicates that "*a number of significant challenges threaten to undercut the state's ability to cultivate the STEM-skilled workforce needed to advance Nevada's economic diversification. Among these challenges Nevada lacks a cohesive, forceful vision for its STEM economy and the STEM-oriented workforce.*" Therefore, the Governor's Office indicates a need exists to improve coordination between the various entities that engage in STEM-related activities and that the coordination is best performed in the Office of the Governor.

During the hearing before the Committees, it was discussed that STEM disciplines have been the focus of other Economic Development, Workforce Development and Higher Education initiatives over several biennia. In response to follow-up questions regarding the history and current programs concerning STEM activities in Nevada, the Governor's Office indicated the following:

- When Governor Sandoval was first elected in 2010, he prioritized modernizing and diversifying Nevada's economy beyond its traditional industries and aligning workforce training and higher education efforts in Nevada with the needs of employers. A key component of this effort has been attracting STEM-related companies to Nevada while ensuring Nevadans have the skills necessary to fill new positions. This has been a government-wide effort combining the efforts of GOED, NSHE, DOE, and DETR.
- As the state seeks to attract new industries to the state while also growing existing Nevada businesses, GOED has focused particularly on STEM-focused industries. All but two of GOED's target industries are STEM intensive. Many of the industries moving to or expanding in Nevada, such as Tesla, Switch, and Solar City, require a workforce with STEM skills.
- DETR is working with STEM employers to provide job training and industry-recognized credentials for high-skilled, in-demand occupations such as welders and machinists. DETR's *Right Skills Now* program provided STEM skills training and placed in jobs over 100 workers who were previously among the long-term unemployed. DETR's efforts have received national recognition including by the Vice President of the United States. Additionally, DETR is working with the local workforce investment boards to integrate STEM into adult and dislocated worker programs.
- The universities have responded to the need for more STEM education by adapting the curriculum and degrees offered. One such example is the recent addition of a drone technology minor at UNLV to prepare students who otherwise might not major in a STEM-related field for a STEM-related career. Nevada's Western Interstate Commission for Higher Education (WICHE) program assists Nevadans in attaining degrees in high-demand healthcare fields such as psychiatric nursing.

- The Nevada Department of Education (DOE) is preparing students for STEM careers by adopting the Next Generation Science Standards. Additionally, the Governor has recommended an increase of \$10 million dollars for Career and Technical education for the 2015-17 biennium.

Do the Committees support the reestablishment of the Office of Science, Innovation and Technology? If so, do the Committees wish to issue a letter of intent to require biannual reporting to the Interim Finance Committee concerning the efforts and achievements of the Office to include the award and outcomes of the recommended STEM Challenge grants and the Broadband mapping contract, if approved, as recommended by the Governor?

2. Four New Non-Classified Positions and Broadband Mapping (E-149, ELECTED 32):

Four New Non-Classified Positions

The Executive Budget recommends General Fund appropriations of \$420,463 in FY 2016 and \$398,666 in FY 2017 to support four new non-classified positions and associated equipment and operating costs to staff the Office of Science, Innovation and Technology. As with positions in the Governor’s Office, the Governor’s Mansion and the Governor’s Office of Economic Development, the Governor, in accordance with NRS 223.085, may determine the number of staff and salary level of persons employed in the Office of Science, Innovation and Technology. The four non-classified positions, annual salaries and purpose, as recommended, are as follows:

Title	Salary	Purpose
Program Manager	\$88,949	Oversee the STEM grants as well as the broadband activities
Broadband Manager	\$81,140	Coordinate the Nevada Broadband Task Force, which will include state and local entities, to address broadband concerns statewide and implement recommendations of the Task Force.
Grants and Projects Analyst	\$67,693	Administer the STEM Challenge Grant programs, including assessing, monitoring, controlling, and reviewing grants.
Administrative Assistant	\$47,606	Provide administrative support to the office.

Complete job descriptions and information regarding the tasks to be performed by the recommended positions was not included in The Executive Budget or in follow-up responses beyond the information included in the above table.

Do the Committees wish to approve General Fund appropriations of \$420,463 in FY 2016 and \$398,666 in FY 2017 for four non-classified positions and the operating costs of the Office of Science, Innovation and Technology as recommended by the Governor?

Broadband Planning and Implementation

The Governor also recommends in this decision unit, General Fund appropriations of \$579,537 in FY 2016 and \$601,334 in FY 2017 in a separate Broadband Planning and Implementation category. Information was not included in The Executive Budget regarding the intended use of the broadband planning and implementation funding. However, supplemental information provided to Fiscal staff indicated that in 2014, the Broadband Task Force recommended that Nevada create more detailed broadband maps and establish state funding to support broadband deployment in areas without adequate service.

The intended use of the appropriations request to continue contract services with *Connect Nevada*, which has been engaged to assist in the development of a Nevada Broadband Action Plan. According to *the Connect Nevada* website, in collaboration with the Nevada Broadband Task Force, *Connect Nevada* is working to bring the benefits of universal broadband to the state. *Connect Nevada* is a subsidiary of *Connected Nation* and operates as a nonprofit in the State of Nevada. The public-private initiative has been established to work with each of the state's broadband providers to create detailed maps of broadband coverage, to conduct surveys to assess the current state of broadband adoption across Nevada, and to help communities plan for technology expansion.

Connect Nevada would work with the Nevada Broadband Task Force and OSIT staff to accomplish the following goals:

- Recharge the Broadband Task Force
- Improve public safety communications
- Analyze local policies to ensure ability for build-out and coordinate between state and federal governments
- Ensure ready and cost-effective access to poles, ducts, conduits, and rights of way
- Continue to map growth and create more detailed maps
- Establish statewide "dig once" policy
- Establish funding sources/material for deployment
- Complete a vertical assets inventory
- Incorporate business and zoning maps
- Build community awareness; identify training needs
- Connect all K-12 schools to the Internet (NV Ready 21)
- Establish adequate bandwidth for tele-health

In a follow-up response, the Governor's Office provided information outlining the services that would be provided by *Connect Nevada* as indicated in the below table.

<u>Broadband Coordination, Planning, & Implementation</u>		
<i>(Connect Nevada Contract)</i>	FY 2016	FY 2017
<u>Program Leadership & Broadband Task Force Support</u>		
Staff / Fringe / Administrative Expenses <i>Program Director, Outreach and Admin. Support</i>	\$257,404	\$267,085
Supplies & Equipment	\$15,000	\$15,564
Travel Expenses	\$12,000	\$12,452
Subtotal	\$284,404	\$295,101
<u>Mapping and Data Analytics</u>		
Staff / Fringe / Administrative Expenses <i>GIS Analyst</i> <i>Field Engineering</i>	\$236,025	\$244,902
Software and Supplies	\$47,350	\$49,131
Travel Expenses	\$11,758	\$12,200
Subtotal	295,133	306,233
Total Annual Contract	\$579,537	\$601,334

Do the Committees wish to approve General Fund appropriations of \$579,537 in FY 2016 and \$601,334 in FY 2017 to support contract costs associated with expanding broadband planning and implementation in Nevada?

3. STEM Challenge Grant Program (E-150, ELECTED 32-33): The Governor recommends General Fund appropriations of \$1.0 million in FY 2016 and \$2.0 million in FY 2017 to provide grants to strengthen workforce programs in STEM-related fields, in coordination with the GOED, NSHE and DETR. The Governor recommended STEM Challenge Grant program would provide one-time grants of up to \$150,000 each, to be matched dollar for dollar by grant recipients at a regional level.

Additional information obtained by the Fiscal Division from the Executive Budget Office included a 2014 report prepared by Brookings Mountain West regarding the challenges Nevada faces in developing a workforce to support a STEM-driven economy. One of the recommendations in the report was to establish a STEM Challenge Grant program. The Committees requested additional information about the program including the types of programs envisioned to be funded, the types of entities that would be eligible to apply for the grants, how the grant recipients would be selected and what outcomes would be expected of the entities receiving funds through the STEM Challenge Grant program. The Governor's Office indicated in follow-up communication that Brookings report provides insight to the type of programs to be supported and highlights examples of successful programs in the states of Washington and Tennessee.

Specific examples of possible programs for Nevada mentioned in the report included:

- In the Las Vegas area, state college and university leaders could work with the local information technology industry to create a "Cloud College" that offers certificates in fast-moving cloud computing disciplines.
- In the Reno area, stakeholders could apply for a grant to establish programs and certificates for occupations that will be demanded by Tesla lithium-ion battery production.

The Governor's Office indicated grant applicant criteria would be developed by OSIT staff in coordination with GOED, NSHE and DETR. Specific criteria are not listed in Assembly Bill 485, which realigns the responsibilities and focus of OSIT. However, the Governor's Office indicated that the Legislature could consider grant application criteria that is included in Senate Bill 493. The Governor's Office further indicates that grant recipients will be selected by an independent panel established during the request for proposal process similar to other grants issued by other state agencies. In regards to outcomes to be achieved through the STEM Challenge Grant program, the Governor's Office indicated that the overall outcome expected is industry led, sector-specific skills training, aligned with the workforce needs of local STEM firms and that specific outcomes will be developed with each grant application funded. The Governor's Office further indicated that GOED, NSHE and DETR may also be involved in collaborations applying for funds.

Do the Committees wish to approve General Fund appropriations of \$1.0 million in FY 2016 and \$2.0 million in FY 2017 to provide grants to strengthen workforce programs in STEM-related fields?

Other Information – No Committee Action Required

Assembly Bill 485, submitted on behalf of the Department of Administration, revises the provisions governing the duties and structure of the Office of Science, Innovation and Technology. The bill changes the focus from attracting and cataloging biotechnological businesses to supporting the Advisory Council on Science, Technology, Engineering and Mathematics, administering grants and coordinating the planning, mapping and procurement of broadband service.

The Governor's Office offered a conceptual amendment to the bill when it was heard by the Assembly Committee on Ways and Means on May 5, 2015, which would allow Advisory Council members to be reimbursed for travel, per diem and other expenses. The amendment also would require the Advisory Council to establish events in Southern and Northern Nevada to recognize exemplary achievement in STEM. The amendment would further require a statewide event to recognize not more than 15 schools that have demonstrated exemplary performance in STEM. Through Fiscal staff discussions with the Governor's Office, it was clarified that the intent of the amendment was that these events would be held on an annual basis. In discussing the fiscal impact of the proposed amendment, the Governor's Office indicated that if the amendment were to be adopted and the bill were to be passed and approved, a work program would be submitted to the Interim Finance Committee to revise the OSIT budget to support the costs associated with the amendment from other funded categories.

Senate Bill 236 (1), heard by the Senate Committee on Finance on April 14, 2015, revises provisions concerning the Advisory Council on Science, Technology, Engineering and Mathematics and provides a General Fund appropriation of \$5,000 in each year of the 2015-17 biennium to the Advisory Council to conduct a statewide event to recognize 15 schools that demonstrate exemplary performance in STEM.

Senate Bill 493, submitted on behalf of the Committee to Conduct an Interim Study Concerning Community Colleges established through Senate Bill 391 (2013), would establish a \$3.5 million STEM Workforce Challenge program for the 2015-17 biennium that would award funds to regional consortia to support the implementation of STEM programs in postsecondary education. The bill includes criteria concerning the application and use of the grant funds. Senate Bill 493 was referred to the Senate Committee on Finance on March 27, 2015.