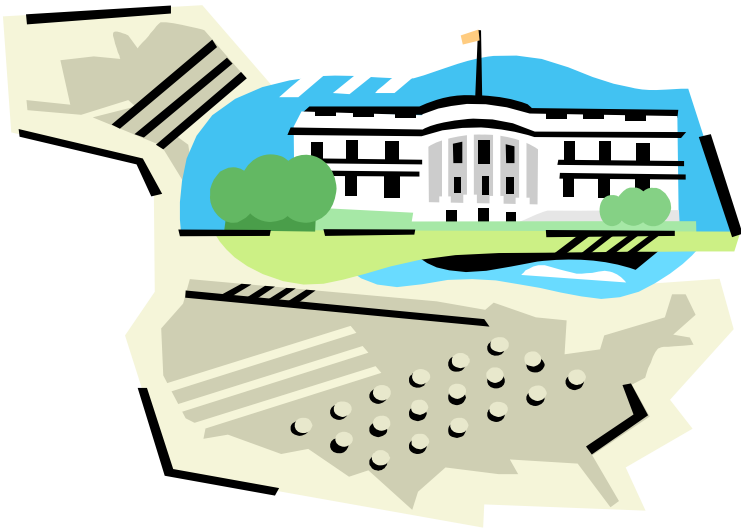


AMERICAN RECOVERY AND REINVESTMENT ACT



AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 (ARRA) into law. Overall, the ARRA made available approximately \$787.0 billion in federal funding for state and local government fiscal stabilization, highway infrastructure, education and training, unemployment benefits, health care, energy and science, and tax relief. Subsequently, states' governors had 45 days to certify that they would request funds from the ARRA and use the funds to create jobs and promote economic growth. Section 1607 of the ARRA also included a provision that in the event available funds were not accepted for use by a governor, a state legislature's adoption of a concurrent resolution accepting the funds would be sufficient to provide the funds to the state. On March 10, 2009, Governor Gibbons certified Nevada would request and use the funds, thereby making the state eligible to receive an estimated \$2.2 billion in ARRA funding. Funding available to states is primarily a combination of state-specific allocations and competitive grant opportunities.

During the 2009 Session, the Legislature received updates on several occasions, including during agency budget hearings, as the federal government announced state-specific allocations and funding requirements. Key areas in which the 2009 Legislature took ARRA-related actions included K-12 Education and Higher Education, Medicaid, Health and Human Services, Unemployment Benefits and Corrections. In several instances, the enhanced federal funding allowed state General Fund appropriations contained in The Executive Budget to be reduced and reallocated for other purposes, or to be approved in a different fiscal year. In other instances, not enough information was known about a specific allocation to allow the Legislature to include ARRA funds in an agency's legislatively-approved 2009-11 biennial budget(s). Finally, several ARRA funding allocations required monies to be expended in FY 2008-09 in which case the 2009 Legislature's joint money committees, acting as the Interim Finance Committee, approved the receipt and expenditure of ARRA funding. The 2009 Legislature also approved Assembly Concurrent Resolution 34 which establishes the Nevada Legislature's Interim Finance Committee's Subcommittee for Federal Stimulus Oversight to oversee the use of ARRA funds received by the state of Nevada.

ALLOCATION OF ARRA FUNDS

The availability of ARRA funding allowed the 2009 Legislature to reallocate General Fund appropriations contained in The Executive Budget for the 2009-11 biennium as well as certain FY 2008-09 appropriations. The Executive Budget included projected federal funding of approximately \$81.9 million for FY 2009-10 and \$26.1 million for FY 2010-11 in increased federal medical assistance percentage (FMAP) funding. The 2009 Legislature approved the use of increased FMAP and other ARRA funds by an additional \$196.5 million in FY 2009-10 and \$236.6 million in FY 2010-11. An additional \$262.4 million in federal funds was budgeted in FY 2008-09 as a result of available ARRA funds.

The table below reflects the legislatively-approved allocations for the three-year period of FY 2008-09 through FY 2010-11. It should be noted that the table does not reflect the total amount of ARRA funds estimated to be received by the state, but reflects ARRA funds that impacted General Fund support in the 2009-11 biennial budget. A narrative explanation of the funds included in the table as well as other ARRA funds that did not impact General Fund support is provided following the table.

ARRA Allocations Approved by the 2009 Legislature Which Impacted General Fund Appropriations in the 2009-11 Biennial Budget				
Legislatively-Approved ARRA Budget Adjustments	FY 2009 ARRA Allocations¹	FY 2010 ARRA Allocations	FY 2011 ARRA Allocations	Total ARRA Allocations
Increased FMAP - DHHS/Medicaid	\$111,708,220	\$151,779,584	\$ 76,361,225	\$339,849,029
Increased FMAP – DHHS/MHDS	\$ 8,007,901	\$ 16,001,909	\$ 8,374,289	\$ 32,384,099
Increased FMAP - DHHS/DCFS	\$ 3,008,908	\$ 6,940,902	\$ 3,669,671	\$ 13,619,481
TANF – DHHS/Welfare	\$ 0	\$ 4,364,333	\$ 7,535,667	\$ 11,900,000
SNAP – DHHS/Welfare (Food Stamp Admin.)	\$ 0	\$ 651,992	\$ 217,331	\$ 869,323
IDEA Part C – DHHS/Health	\$ 0	\$ 1,950,500	\$ 1,950,500	\$ 3,901,000
DHHS/Aging and Disability	\$ 0	\$ 83,900	\$ 0	\$ 83,900
State Fiscal Stabilization: Education – Department of Education and NSHE	\$139,626,106	\$ 92,389,311	\$ 92,389,311	\$324,404,728
State Fiscal Stabilization: Gov. Services – Dept. of Corrections	\$ 0	\$ 0	\$ 72,178,069	\$ 72,178,069
Education Technology, Title II, Part D – Department of Education	\$ 0	\$ 4,251,273	\$ 0	\$ 4,251,273
Total Legislatively-Approved ARRA Adjustments	\$262,351,135	\$278,413,704	\$262,676,063	\$803,440,902
Total ARRA Funding Contained in The Executive Budget	\$ 0	\$ 81,896,347	\$ 26,058,132	\$107,954,479
Net Legislatively-Approved ARRA Adjustments²	\$262,351,135	\$ 196,517,357	\$236,617,931	\$695,486,423

1. FY 2008-09 budget allocations approved by the Interim Finance Committee.

2. In several instances, the enhanced ARRA funding allowed state General Fund appropriations contained in The Executive Budget to be reduced and reallocated for other purposes, or to be approved in a different fiscal year.

STATE FISCAL STABILIZATION FUND

The State Fiscal Stabilization Fund (SFSF) program consists of two components: the Education Stabilization Fund and the Government Services Fund. Of the \$396.6 million in SFSF funds allocated to Nevada by the ARRA, \$324.4 million (81.8%) is designated for stabilizing funding for kindergarten through secondary education (K-12) and higher education while \$72.2 million (18.2 percent) is designated for the Government Services Fund, which can be utilized to support public safety or other government services.

EDUCATION STABILIZATION FUND (81.8%)

Under the state education stabilization component, states are required to use the federal state education stabilization allocations for two primary purposes: to restore funding for elementary, secondary and public higher education and, secondly, to commit to advance select educational reforms at the K-12 level.

- Educational Reform Assurances – As part of each state’s education stabilization funding application, Governor’s are required to affirmatively assure that their state will commit to undertake the following four reforms: (1) achieve equity in the distribution of teachers; (2) improve the longitudinal collection and use of data; (3) enhance the quality of standards and assessments; and (4) support struggling schools. Nevada’s application affirmatively indicates the state will comply with the four assurances.
- State Funding Maintenance of Effort Assurance – Additionally, the ARRA’s education stabilization provisions include a maintenance of effort (MOE) requirement, which requires states to provide General Fund support in FY 2008-09, FY 2009-10 and FY 2010-11 at least as much as was expended in FY 2005-06 on K-12 and higher education. A provision for a waiver of the MOE requirement by the Secretary of Education is also included in the event states determine the MOE requirement cannot be met. To qualify for a waiver, “states must attest that for a particular fiscal year, the percentage of its total state revenues which are used to support elementary, secondary and public higher education for that fiscal year is equal to or greater than the percentage of its total state revenues that are used to support elementary, secondary, and public higher education for the preceding fiscal year.”

As submitted by the Governor’s Office, Nevada’s application for education stabilization funding indicates that in lieu of meeting the MOE requirements, Nevada will meet the waiver requirements for each year of the 2009-11 biennium. Since Nevada’s FY 2008-09 K-12/higher education appropriations meet the FY 2005-06 MOE requirement, no waiver is required or requested for FY 2008-09. The 2009 Legislature concurred with this approach and subsequently allocated General Fund appropriations in FY 2009-10 and FY 2010-11 sufficient to the meet the waiver “preceding year” requirement. Utilizing the “actual/prior enacted” calculation methodology contained in the Education Stabilization Fund guidance, the education General Fund appropriation percentage of 51.29 percent (\$1.93 billion out of \$3.76 billion total) in FY 2008-09 represents the initial “preceding year” which education appropriations in FY 2009-10 must equal or exceed. The 2009 Legislature ensured compliance by allocating \$1.70 billion or 52.43 percent of the \$3.24 billion total FY 2009-10 General Fund appropriations to K-12/higher education. The waiver requirement (meet or exceed FY 2009-10) is also met for FY 2010-11 through allocating \$1.77 billion or 52.48 percent of General Fund appropriations to K-12/higher education. The following table reflects the allocations in FY 2009-10 and FY 2010-11.

**American Recovery and Reinvestment Act State Education Stabilization Fund
FY 2009-11 Maintenance of Effort Waiver Test Percentage Calculations**

	Actual FY 2009	Leg. Approved	
		FY 2010	FY 2011
APPROPRIATIONS			
General Operating Appropriations (see note 5)	\$ 3,487,132,623	\$ 3,178,264,425	\$ 3,331,679,722
Appropriation to the IFC for utilities (S.B. 423, Sect. 1)		2,206,295	3,126,269
Salary Adjustment Pool (S.B. 433, Sect. 6)	-	23,882,673	-
Furlough Exemption-Critical need (S.B. 433, Sect .8)	-	4,000,000	-
Restoration of IFC Fund Balances (S.B. 403, Sect. 1)	-	16,150,000	-
One-time Appropriations (2007 Approp. Report p 14)	8,092,035	-	-
Capital Improvement Appropriations	-	-	-
Cost of 2009 and 2011 Legislative Sessions	15,000,000	-	15,000,000
Appropriation Transfers (2009 Fiscal Report p. 14)	(87,498,140)	-	-
A.B. 533 (Supplemental Appropriation DSA)	323,802,183	-	-
A.B. 557 (Supplemental Department of Corrections)	2,872,874	-	-
A.B. 534 (Supplemental Office of Consumer Health)	181,169	-	-
S.B. 400 (Supplemental Appropriation NSHE)	110,800	-	-
S.B. 401 (State Fire Marshal Appropriation)	6,898	-	-
S.B. 403 (Appropriations to Taxation and DMV)	646,850	-	-
A.B. 214 (DCNR Ranger physical exams)	-	16,615	16,615
Borrowing Repayment (NRS 349.074)(A.B. 562, Sect.43)	-	15,000,000	15,000,000
PERS (A.B. 562, Sect. 55)	-	135,053	-
Welfare TIR (A.B. 562, Sect. 42)	-	2,256,676	-
DCFS - Foster Care Sibling rate (A.B. 562, Sect. 41)	-	1,600,000	1,600,000
Unemployment Comp. Assess (A.B. 562, Sect. 40)	-	1,359,834	554,405
A.B. 146 (State Business Portal)	6,520,349	-	-
TOTAL APPROPRIATIONS	\$ 3,756,867,641	\$ 3,244,871,571	\$ 3,366,977,011
APPROPRIATIONS FOR EDUCATION			
K-12 MOE Appropriations (FY 2009 from p. 182 Approp Rpt)	\$ 1,090,814,060	\$ 1,201,169,591	\$ 1,267,051,744
Textbooks Reduction (S.B. 5 of 24th Special Session)	(47,995,713)	-	-
DSA Supplemental (2009 Session A.B. 533)	323,802,183	-	-
Library Media Specialists	18,798	-	-
Appropriation Transfers 09 to 08 (2009 Fiscal Report p. 88)	(85,874,930)	-	-
1/5 Retirement Credit (Removed from DSA. see note 6)	(31,070,767)	-	-
NSHE Appropriations (2007 Approp Rpt p. 187)	677,091,932	500,066,110	500,066,110
NSHE Supplemental (2009 Session S.B. 400)	110,800	-	-
TOTAL APPROPRIATIONS FOR EDUCATION	\$ 1,926,896,363	\$ 1,701,235,701	\$ 1,767,117,854
EDUCATION APPROPRIATION % (see note 4)	51.2900%	52.4284%	52.4838%

General Notes:

1. Nevada met MOE in FY09; no waiver needed.
2. Page 40 of the ARRA Guidance allows the use of "projected or actual total state appropriations". These calculations use actual appropriations (Leg Apprvd) without budget reductions, cuts, etc. Each of the amounts has been enacted in legislation.
3. For K-12 education, only the DSA is used (primary formula); assume other DSA revenues support line-items other than formula, so all General Fund is K-12.

Notes:

4. Nevada unable to meet MOE in FY10 and FY11, waiver needed. Waiver percentage test applied and met.
5. FY 2009 Appropriation is from p. 14 of 2007 Approp. Report: (Operating + DSA + Remediation Trust + Other St Prog LESS Textbook Reduction of -\$47,995,713 per S.B. 5 of 24th Special Session).
6. 1/5th retirement credit incentive funding removed from DSA and placed in new Incentive fund (BA 2616) per A.B. 1 of 23rd Special Session after being budgeted by 2007 Legislature in the DSA. Since no longer part of DSA (primary funding formula), excluded from percentage calculation.

In addition to meeting the waiver requirements, three actions should be noted in the allocation of education stabilization funding by the 2009 Legislature. First, the Legislature concurred with the Governor's recommendation and allocated \$139.62 million to K-12 education as part of FY 2008-09 funding of the Distributive School Account (DSA). The Governor's recommendation reflected \$11.01 million being utilized in FY 2008-09 to offset General Fund support which otherwise would have been expended on the DSA, with the remaining \$128.61 million balanced forward to FY 2009-10. The 2009 Legislature's actions reflected utilizing \$23.25 million to offset projected shortfalls in Local School Support Tax and mineral land lease receipts for the DSA for FY 2008-09, with the remaining \$116.37 million balanced forward to FY 2009-10.

Second, to offset the 35.9 percent reduction proposed by the Governor for the Nevada System of Higher Education (NSHE), the 2009 Legislature allocated the remaining \$184.78 million of the ARRA education stabilization funding to the NSHE's institutions. To ensure a "funding cliff" does not occur in either fiscal year, the Legislature allocated the funding evenly, budgeting \$92.39 million in fiscal years 2009-10 and 2010-11. Further, to equitably distribute the funding impact anticipated to occur when ARRA funding is no longer available in FY 2011-12, the ARRA funding is combined with the state appropriations and is distributed through the NSHE's formula methodology utilizing flat enrollment projections. More detailed information is available in the Education section on the Nevada System of Higher Education.

Finally, the 2009 Legislature added language to the 2009-11 biennium's Appropriations and Authorizations Acts, A.B. 562 and S.B. 431 respectively, which authorizes the transferring of federal ARRA Stabilization funds and corresponding amounts of state General Fund between the NSHE and the Nevada Department of Education in the event that the federal government takes actions which conflict with how the Nevada Legislature has allocated ARRA Stabilization funds. Additionally, S.B. 431 allows for the transferring of Stabilization funds between FY 2009-10 and FY 2010-11.

GOVERNMENT SERVICES FUND (18.2%)

The ARRA allows states to use their Government Services Fund award amount for public safety and other government services with the requirement that the funds are obligated by September 30, 2011. The 2009 Legislature approved utilizing the entire \$72.2 million award amount to offset the state General Fund appropriation required to fund a portion of the operating budget for the Department of Corrections in FY 2010-11. Specifically, the Legislature approved allocating these funds to cover 47 percent of the cost of operations of the Prison Medical Services, Southern Desert Correctional Center, Ely State Prison, Lovelock Correctional Center, and High Desert State Prison. More detailed information is available in the Public Safety section on the Department of Corrections.

K-12 EDUCATION (EXCLUDING STABILIZATION FUNDING)

In addition to education stabilization funding, the ARRA provides states with supplemental funding opportunities for K-12 education. Funding is distributed to states based upon existing formulas, non-competitive allocations and competitive grants. Aside from the Enhancing Education through Technology state grant where a portion of the funding can be utilized by the department to administer the grant, ARRA education grant funds are passed through the department and distributed directly to Nevada's school districts.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PART B

The 2009 Legislature approved \$34.75 million for FY 2009-10 of the total \$69.5 million authorized by ARRA for additional Individuals with Disabilities Education Act (IDEA) funds. Of the total amount, \$67.1 million is designated for students with disabilities ages 6-21 years and \$2.4 million for students with disabilities ages 3-5 years. School districts must utilize the additional ARRA IDEA funds in accordance with IDEA program requirements and ARRA guidelines to provide for the cost of special education services. Nevada school districts had until July 31, 2009, to apply to the Nevada Department of Education for the first round of formula-driven ARRA grant funds. The second round of funding is anticipated to be available in fall 2009 and is contingent upon the state meeting certain reporting and record-keeping requirements. All ARRA IDEA funds must be obligated by school districts no later than September 30, 2011.

TITLE I, PART A OF THE ELEMENTARY AND SECONDARY EDUCATION ACT

The 2009 Legislature approved \$35.06 million for FY 2009-10 of the total \$70.1 million authorized by ARRA for additional Title I funds. School districts must utilize the additional ARRA Title I funds in accordance with the regular Title I program and ARRA guidelines to help increase the academic achievement for students at risk of failure, and to assist students in high-poverty schools to meet challenging state academic standards. As with the IDEA funds authorized by ARRA, school districts had until July 31, 2009, to apply to the Nevada Department of Education for the first round of formula-driven ARRA grant funds. The second round of funding is anticipated to be available in fall 2009 and is contingent upon the state meeting certain reporting and record-keeping requirements. All ARRA Title I funds must be obligated by school districts no later than September 30, 2011.

ENHANCING EDUCATION THROUGH TECHNOLOGY STATE GRANT, TITLE II, PART D

The Legislature approved \$4.25 million in federal ARRA technology funds for distribution by the Nevada Department of Education to school districts in FY 2009-10. The Enhancing Education through Technology (EET) program provides states, districts, and schools the ability to increase efforts to integrate technology into the classroom, and improve teaching and learning through the use of technology. The ARRA funds may be used to purchase hardware and software, and provide for professional development and technical support. The ARRA EET funds are intended to ensure that all students have 21st century skills, are technology literate, and are college and workforce ready.

MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN ACT, TITLE X, PART C GRANT

The 2009 Legislature approved \$523,263 for FY 2009-10 in additional Education for Homeless Children and Youth grants authorized by ARRA. The ARRA Homeless Children and Youth grant funds, available to school districts through June 30, 2010, must be used to assist homeless children and youth in enrolling, attending, and succeeding in school, and to provide homeless children equal access to educational services that are available to all students. Funds may be used to support any of the activities authorized under the McKinney-Vento Act.

NATIONAL SCHOOL LUNCH PROGRAM EQUIPMENT ASSISTANCE GRANT

The Legislature's Interim Finance Committee approved \$679,103 in FY 2008-09 for distribution to school districts and school food authorities participating in the National School Lunch Program (NSLP). The ARRA NSLP funding was provided to update equipment for better efficiency and cost-effectiveness in central kitchens, school kitchens, or kitchens within Residential Child Care Institutions that serve more than 50 percent free and reduced lunch students.

RACE-TO-THE-TOP FUND

The ARRA Race-to-the-Top funds are available to all states on a competitive basis. The United States Department of Education approved \$4.35 billion in Race-to-the-Top grants for school reform. The four tenets of reform that will be the focus of the nationwide competitive grant application process include:

- The adoption of standards and assessments that prepare students to be successful in college and the workplace.
- The recruitment, retention and rewards for high-quality teachers and principals.
- The establishment of effective data systems that measure student success and can be used by teachers and principals to improve student achievement.
- The turning around of low-performing schools.

The Race-to-the-Top grants are funded in two phases. Phase 1 grant applications are anticipated to be completed by the end of calendar year 2009, and phase 2 grant applications are anticipated to be completed by the spring of calendar year 2010. Due to the lateness in receiving information about the Race-to-the-Top grants, no funding authority was approved for the 2009-11 biennium. If the state is successful in the Race-to-the-Top application process, a work program for the funds will come before the Interim Finance Committee for approval.

QUALIFIED SCHOOL CONSTRUCTION BONDS AND QUALIFIED ZONE ACADEMY BONDS

The Qualified School Construction Bonds (QSCB) provide \$6.77 million in tax-credit bonds in both calendar years 2009 and 2010, and are available to all school districts in the state other than the Clark County School District. The Clark County School District

is authorized to receive a direct allocation of \$51.4 million in each calendar year. School districts must use the 2009 QSCB by the end of calendar year 2010 and the 2010 QSCB bond must be used by the end of calendar year 2011. The QSCB are federally-subsidized bonds that allow the bondholder to receive a tax credit that is approximately equal to the interest that the borrower will normally be required to pay. Essentially, a school district receiving a QSCB will only be responsible for the principal amount of the bond. The QSCB bond funds can be used for construction, rehabilitation, repair of a public school, or land acquisition on which a public school may be constructed.

The Qualified Zone Academy Bonds (QZAB) provide for \$2.7 million in tax-credit bonds for calendar year 2008, which can be used through December 2010, and \$9.5 million in calendar year 2009, which can be used through December 2011. As with the QSCB, the QZAB are federally-subsidized bonds that allow the bondholder to receive a tax credit that is approximately equal to the interest that the borrower will normally be required to pay. The QZAB are less flexible in that the bond funding may only be used for schools or programs located within an empowerment zone or an enterprise community, or must have 35 percent of the students eligible for free or reduced lunch under the National School Lunch program. Although QZAB cannot be used for new construction, the bonds can be used for renovation and repairs of buildings, equipment and updating technology, developing challenging curricula, and professional development for high-quality teachers. The QSCB and the QZAB are not included in the 2009-11 legislatively-approved state budget.

HEALTH AND HUMAN SERVICES

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

The Governor's recommended budget projected an increase in the federal medical assistance percentage (FMAP) from 50 percent to 52.64 percent for the last three quarters of federal FY 2008-09 and an increase to 58 percent for all of federal FY 2009-10. The FMAP increase provided for in the ARRA is significantly higher. Based on the provisions of ARRA, the legislatively-approved budget is based on a FMAP of 63.93 percent for all of state FY 2009-10 and the first six-months of state FY 2010-11.

The Governor submitted a budget amendment to incorporate the ARRA FMAP increases in the budget. Rather than including the impact of the increased FMAP in a separate decision unit as was done in The Executive Budget, the amendment incorporated the adjusted FMAP rate increase provided for in ARRA across the various decision units in the budget and included other revenue and expenditure reductions resulting from Medicaid Payment Projection (MPP) adjustments and corrections to errors in The Executive Budget. As a result of the manner in which the budget amendment was constructed, the impact resulting from ARRA was not easily identified during the 2009 Session; however, since the Legislative Session, the Division of Health

Care Financing and Policy estimates that based on the legislatively-approved expenditures in the Medicaid budget, General Fund appropriations are approximately \$151.8 million less in FY 2009-10 and approximately \$76.4 million less in FY 2010-11 than they would have been if the same level of expenditures had been approved without the increased FMAP provided for in ARRA.

The ARRA changes to Nevada's FMAP also impact the 2009-11 biennial budgets for the Division of Child and Family Services (DCFS) and the Division of Mental Health and Developmental Services (MHDS). For example, the 2009 Legislature approved adjustments to several DCFS budgets to reflect the increased FMAP in each year of the 2009-11 biennium. Through the adjustments, the Legislature increased federal funds and reduced state General Fund support creating a General Fund savings of approximately \$6.9 million in FY 2009-10 and \$3.7 million in FY 2010-11, which is approximately \$5.6 million more than the total amount of savings recommended for the division in The Executive Budget related to stimulus funding.

For MHDS, the Governor recommended FMAP increases of \$7.7 million in FY 2009-10 and \$2.4 million in FY 2010-11. The additional FMAP increases provided for in ARRA enabled the Legislature to increase these amounts to \$16.0 million and \$8.4 million respectively, representing increases of \$8.3 million and \$6.0 million over the amounts included in The Executive Budget. The additional federal funds through FMAP were used to reduce General Fund support in the MHDS budgets in a like amount.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES

The ARRA establishes an Emergency Contingency Fund for the Temporary Assistance to Needy Families (TANF) program in the amount of \$5.0 billion. Funds are available for a two-year period beginning October 1, 2008. The fund reimburses states for 80 percent of the increased expenditures for basic assistance, short-term non-recurring benefits and/or subsidized employment.

Based on actual and projected caseload increases in each quarter over the two-year period, Nevada qualifies for Emergency Contingency TANF funding of \$18.0 million over the 2009-11 biennium. The Legislature supported the replacement of General Funds in lieu of regular TANF funds recommended by the Governor of \$4.4 million in FY 2009-10 and \$7.5 million in FY 2010-11 with Emergency Contingency TANF funds available through ARRA. General Funds in lieu of TANF funds were recommended based on TANF-related expenditures exceeding available resources in each year of the biennium, resulting in the depletion of the TANF reserve.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Under the ARRA, a temporary maximum benefit increase to recipients under the Supplemental Nutrition Assistance Program (SNAP) is provided, which is calculated as 113.6 percent of the Thrifty Food Plan. The increase went into effect on April 1, 2009, and ended September 30, 2009.

The ARRA also makes available \$145 million in FY 2008-09 and \$150 million in FY 2009-10 to states for administrative expenses associated with carrying out the SNAP. A total of \$869,323 is available to Nevada for administrative expenses associated with the SNAP. As a result, the Legislature approved the addition of SNAP ARRA funds of \$651,992 in FY 2009-10 and \$217,331 in FY 2010-11, which offset reductions in General Fund support recommended by the Governor of \$597,141 in FY 2009-10 and \$217,331 in FY 2010-11. The SNAP ARRA funds of \$54,851 in FY 2009-10 were added to address a revised increase in electronic benefit transfer expenses associated with SNAP cases.

CHILD SUPPORT ENFORCEMENT

The ARRA temporarily repeals the prohibition on using incentive funds as match to draw down additional federal child support funds to use for child support programs. The repeal is effective through September 30, 2010. Based on the unspent balance of county and state incentive funds of approximately \$5.3 million, Nevada is eligible to receive additional federal funding of \$10.3 million. The Legislature approved the addition of ARRA funds in FY 2009-10 and requested the division report on the proposed use of federal funds received under the ARRA prior to expenditure and that the division submit a plan for expenditure of the ARRA funds subject to Interim Finance Committee approval.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

The ARRA provides additional Child Care and Development Block Grant funding to supplement state spending for child care for low income families. There is no new maintenance of effort required for this funding. Based on the distribution of the block grant, Nevada's share of the ARRA funding under the Child Care and Development Block Grant is \$14.3 million. The Legislature concurred with an amendment from the Governor to add these funds to address increased child care caseloads over the 2009-11 biennium.

EARLY INTERVENTION SERVICES

Nationwide, the ARRA provides \$500 million for IDEA Part C grants for services to infants and toddlers. Nevada's share of this funding, \$3.9 million over the 2009-11 biennium, is budgeted in the Health Division's Early Intervention Services (EIS) account. The 2009 Legislature approved \$1.95 million in each year to fund direct services to children with developmental delays. The ARRA funding is used to reduce or eliminate the waiting list for intervention therapies. While total funding approved by the 2009 Legislature for elimination of the EIS waiting list did not change at \$10.4 million over the 2009-11 biennium, the Legislature funded it with \$6.5 million in General Fund and \$3.9 million in ARRA funds, rather than being entirely supported by state General Fund, as was originally recommended in The Executive Budget. Additionally, the money committees approved issuing a letter of intent directing the Health Division, together with the IDEA Part C administrative function, to report every six months on the progress being made to eliminate the waiting list.

AGING AND DISABILITY SERVICES

Within the Aging Administration and Federal Programs budget, there are two supplemental grant awards available under ARRA. First, the Senior Nutrition Assistance program received \$493,561 for Congregate Nutrition and \$242,984 for Home-Delivered Nutrition, both in FY 2009-10. Although there is no maintenance of effort for the supplemental award, a state match which may be in-kind from the sub-grantees is required. The division is expected to report to the federal government on the number of meals served as well as other performance indicators. The division was able to offset and reallocate \$73,654 of General Fund in FY 2009-10 for the additional administrative allowance.

Second, under Title V of the Older Americans Act, the Community Services Employment for Older Americans program received \$126,306, which was budgeted in FY 2009-10. The majority of this award is passed through to Catholic Community Services of Las Vegas, which helps seniors find employment. The division was able to offset and reallocate \$10,246 in General Fund for the additional administrative allowance.

EMPLOYMENT, TRAINING AND REHABILITATION

WORKFORCE INVESTMENT ACT

The Employment Security Division of the Department of Employment, Training and Rehabilitation (DETR) received \$25.27 million in ARRA funding to support Workforce Investment Act (WIA) programs. The funding is to preserve and create jobs, promote economic recovery, and assist those most impacted by the recession. The ARRA funding supplements existing allotments for Adult, Dislocated Worker and Youth Activities programs as required by the Wagner-Peyser Act. There are no state match or maintenance of effort requirements for Workforce Investment Act grants.

The 2009 Legislature's joint money committees, acting as the Interim Finance Committee, approved 25 percent or \$6.32 million for expenditure in FY 2008-09. The 2009 Legislature authorized receipt of the \$18.95 million balance in FY 2009-10. The ARRA WIA funding is allocated as follows:

- Adult – \$3.4 million
- Youth (including summer youth programs) – \$7.6 million
- Dislocated Worker – \$14.3 million

Eighty-five percent of these ARRA funds are passed through to Nevada's two local workforce investment boards. The remaining 15 percent is retained at the state level for administration (\$1.26 million), and statewide activities and special projects (\$2.53 million). The local workforce investment boards contract for employment and training services needed in their service areas.

UNEMPLOYMENT INSURANCE

The ARRA also provides Nevada significant additional federal funding for unemployment insurance benefits that did not flow through The Executive Budget or Legislative approval processes. The department anticipates that additional federal funding received through ARRA enhancements of unemployment insurance will total approximately \$388.86 million by the end of calendar year 2009. Also, as a result of adopting an Alternative Base Period provision pursuant to passage of A.B. 469, Nevada gained access to nearly \$77 million of additional incentive funding to pay unemployment insurance benefits.

The Emergency Unemployment Compensation (EUC) program provides up to 33 weeks of federally funded extended benefits to unemployed workers who have exhausted regular benefits available to them. The ARRA extends the application period for the EUC program from a March 31, 2009 end date to December 31, 2009. Total funding anticipated through this program is \$196.36 million.

The Federal Additional Compensation (FAC) program increases benefit payments by \$25 per week through the end of calendar year 2010. Federal benefits totaling \$131.7 million are anticipated through December 31, 2009.

State Extended Benefits (SEB) are additional unemployment benefits provided to those who exhaust their benefits during periods of high unemployment. The department anticipates that approximately \$60.81 million in federal ARRA benefits will be paid to unemployed workers in Nevada through the end of calendar year 2009.

EMPLOYMENT SECURITY

The ARRA provides Nevada \$3.4 million for service operations, job matching and re-employment services. The Department of Employment, Training and Rehabilitation will use approximately \$2.1 million for re-employment services to assist unemployment insurance claimants in returning to work as soon as possible. The remaining \$1.3 million will support expanded staffing levels to address the surge in customers seeking traditional employment and training services offered through Nevada JobConnect offices.

The ARRA also provides \$5.4 million for infrastructure and administrative support for the Unemployment Insurance program. The department intends to use the funding for virtual call center technology and trust fund integrity tools. However, no funding was authorized by the 2009 Legislature for the 2009-11 biennium. It is anticipated that funding will be approved after the division finalizes a funding and program plan.

VOCATIONAL REHABILITATION

The ARRA allocates \$4.2 million in additional vocational rehabilitation Section 110 funding to Nevada to support the expanded demand for services in the vocational rehabilitation program due to the economic downturn and associated rise in

unemployment. Unlike regular allocations, no state matching funds are required. In accordance with the guidance for these funds urging rapid utilization, the Interim Finance Committee approved 25 percent or \$1.05 million of the ARRA funds for expenditure in FY 2008-09. The 2009 Legislature also approved a budget amendment to include the remaining 75 percent or \$3.16 million of the ARRA-allocated Section 110 funding in FY 2009-10. The combined approved expenditures are as follows:

- Client Services – \$1.0 million
- Division Infrastructure (staff training, equipment, marketing, etc.) – \$338,000
- Community Based Organizations via Request for Application – \$2.86 million

The ARRA also provides a \$242,913 Independent Living grant and \$280,405 for an Older Individuals Who Are Blind grant. The funding supports implementation of innovative strategies to improve and expand Independent Living services for individuals with significant disabilities and older individuals who are blind. The 2009 Legislature authorized the entire amount of the Independent Living grant in FY 2009-10. Twenty-five percent of the Older Individuals Who Are Blind funds were approved at the April 20, 2009, Interim Finance Committee meeting for use in FY 2008-09. The Legislature also approved a budget amendment to include the remaining 75 percent (\$210,304) of the funding in FY 2009-10.

OTHER AREAS OF STATE GOVERNMENT

TRANSPORTATION

Nevada anticipates receiving a total of \$201.4 million in ARRA funding for highway infrastructure investment. The Department of Transportation submitted a list of projects to which funding would be applied throughout the state. The Interim Finance Committee, at its April 2009 meeting, approved \$10 million of the ARRA funds to provide for highway construction projects beginning in FY 2008-09. The Legislature approved a budget amendment submitted by the Governor for \$125 million in FY 2009-10 and \$66.4 million in FY 2010-11 of the remaining ARRA funds for highway construction and maintenance projects identified by the department.

WEATHERIZATION

The ARRA includes \$5 billion for the Weatherization Assistance program, of which Nevada's share is estimated at \$37.3 million to be allocated in three annual installments. Funds must be obligated by March 31, 2012. The Weatherization Assistance program, administered by the Housing Division, is a federally-mandated program to assist low-income families in securing improved energy efficiency for their homes to minimize utility costs. The ARRA increases the allowable weatherization assistance level from \$2,500 to \$6,500 per dwelling and raises the eligibility income threshold from 150 percent of the federal poverty level to 200 percent (about \$44,000 a year for a family of four). Program funding is restricted to residential weatherization

though other programs in the stimulus package provide for weatherization activities for non-residential buildings.

Nevada's first allocation of \$3.7 million, or 10 percent, of the ARRA Weatherization Assistance funding was authorized in FY 2008-09 by the Interim Finance Committee. In addition, the 2009 Legislature approved \$3.7 million in weatherization funding in each year of 2009-11 biennium. Since the remaining allocations of the ARRA Weatherization Assistance funding were unknown at the time of budget closings, the Legislature did not include additional ARRA authority beyond the \$3.7 million per year. Instead, the 2009 Legislature directed the Housing Division to submit work programs for the Interim Finance Committee's consideration once final ARRA Weatherization Assistance funding allocations are known.

ENERGY

The ARRA provides \$3.1 billion to the federal Department of Energy (DOE) to provide formula-driven grants to states for FY 2008-09. Nevada's allocation is \$34.7 million. There is no state match requirement to receive these funds, and the grant funds must be obligated by September 30, 2010. The DOE will allocate ARRA funds to states on a pre-determined schedule as follows:

- 10 percent of the total allocation at the time of the initial award.
- 40 percent of the total allocation upon DOE approval of the State Plan.
- 20 percent of the total allocation upon demonstration the grantee has obligated 50 percent of the ARRA funds, the grantee is complying with all reporting requirements and that jobs are being created.
- Remainder of the allocation upon demonstration that the grantee is making continued progress in obligating funds previously provided, the grantee is complying with all reporting requirements, and jobs are being created.

In broad terms, the ARRA funding can be used for programs and activities that stimulate the creation or increased retention of jobs; save energy; increase energy generation from renewable resources; and reduce greenhouse gas emissions. States are encouraged to use ARRA funds not only to support current energy efficiency and renewable energy projects, but also to seed sustainable programs and put in place long-term funding mechanisms, such as revolving loans and energy savings performance contracting that will provide lasting benefits and lead to long-term market transformation. States will be required to meet strict reporting requirements and participate in an overall national evaluation.

When the Nevada State Office of Energy's (NSOE) budget was closed, it was unclear when the ARRA funding would become available to the state, and the DOE had not developed specific regulations on the mechanics for applying for funding and the requirements for submitting the state plan. In light of these uncertainties, the Legislature purposely did not approve authority in the NSOE's budget to accept these ARRA funds. In lieu of approving budget modifications without guidance, the money

committees instructed the NSOE to process a work program for approval by the Interim Finance Committee as soon as this information from the DOE became available, and once the NSOE developed specific proposals on the program activities for which the ARRA funding could be used.

CULTURAL AFFAIRS

The ARRA included \$50 million for the National Endowment for the Arts (NEA) to fund arts projects and activities that preserve jobs in the non-profit arts sector that are threatened due to declines in philanthropic and other support during the current economic downturn. The 2009 Legislature authorized the Nevada Arts Council of the Department of Cultural Affairs to receive up to \$300,500 in ARRA funding allocated to the state through the NEA. During FY 2009-10, the Nevada Arts Council will distribute \$250,500 through the Sustaining Nevada's Arts Program (SNAP) grant. The grant is a one-time stimulus program designed to preserve critical staff as well as contracted artists, specifically those that are at risk of elimination or reduced hours due to the economic downturn, and to sustain arts programming throughout the state. Additionally, the Nevada Arts Council will allocate \$50,000 to support the Nevada Touring Initiative. The initiative is a statewide program in jeopardy due to lack of funding that provides visual arts exhibits and writers in residence to Nevada's rural and smaller communities and urban neighborhoods. The funding will also be used to administer the federally mandated quarterly reporting requirements of the ARRA.

PUBLIC SAFETY

The ARRA includes \$1.0 billion in competitive grant funding for the Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP). The ARRA CHRP funding is intended to create or save 5,500 law enforcement positions nationwide over three years. In anticipation of possible federal COPS funding, the Governor submitted budget amendments totaling \$1.3 million over the 2009-11 biennium to restore nine vacant officer positions in the Division of Investigations and \$617,000 in FY 2010-11 to add ten new officer positions to the Division of Parole and Probation. However, due to the competitive nature of the grant program and its corresponding uncertainty of the availability of funding for the state of Nevada, the 2009 Legislature did not approve the budget amendments. Rather, the Legislature directed the agency to approach the Interim Finance Committee to add back the existing positions and establish the new positions with federal funding, if such funding was ultimately awarded.

VICTIMS OF CRIME PROGRAM

Nevada's Victims of Crime program was awarded ARRA funds in the amount of \$544,273 in FY 2009-10 through the United States Department of Justice's Office for Victims of Crime. The funds are to be utilized for expenses related to victims' claims, such as medical costs, counseling, funeral and burial costs, and lost wages. Due to revised cost projections in Nevada's Victims of Crime budget, the Legislature approved a reduction in reserves (no General Funds) of \$1.4 million be used to increase the

victims' claims category in each fiscal year of the 2009-11 biennium in order to continue paying victims' claims at 100 percent. The ARRA funds partially funded the \$1.4 million increase in victims' claims for FY 2009-10.

VIOLENCE AGAINST WOMEN GRANTS

In the Office of the Attorney General, the Legislature approved \$1.5 million over the 2009-11 biennium (approximately \$750,000 in each fiscal year) in additional STOP Violence Against Women grant funds from the United States Office of Justice Programs awarded pursuant to the ARRA. Ten percent of the funds may be utilized for administration of the grant, and the remaining funds must be distributed according to the grant formula for programs designed to strengthen the prosecution and law enforcement efforts regarding domestic violence crimes, with 25 percent for law enforcement grants, 25 percent for prosecutor expenses, 30 percent for victim services projects, 15 percent for discretionary projects, and 5 percent for court-related programs.