MINUTES OF THE
INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE FOR FEDERAL STIMULUS OVERSIGHT
(A.C.R. 34, 2009 SESSION)
August 3, 2009

The first meeting of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight (A.C.R. 34) was held on August 3, 2009, in room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT IN CARSON CITY:
Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin
Assemblyman Pete Goicoechea
Senator William J. Raggio
Senator Randolph Townsend
Senator Bernice Mathews

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:
Senator Shirley Breeden
Senator Steven Horsford
Senator Michael Schneider
Assemblyman Joseph Hardy

COMMITTEE MEMBERS ABSENT:
Assemblyman Kelvin Atkinson
Assemblywoman Sheila Leslie

STAFF MEMBERS PRESENT IN CARSON CITY:
Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division
Tracy Raxter, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Brenda Erdoes, Legislative Counsel, Legal Division
Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division
Donna Thomas, Secretary, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN LAS VEGAS:
Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division

EXHIBITS:
Exhibit A: Agenda and Meeting Packet
Exhibit B: Attendance Record
Exhibit C: State of Nevada, Department of Employment Training and Rehabilitation, American Recovery and Reinvestment Act (ARRA) – Impact of Unemployment Insurance Compensation and Workforce Investment Programs

Exhibit D: The Four Assurances for the ARRA, Department of Education
Exhibit E: Clark County School District – American Recovery and Reinvestment Act of 2009
Exhibit F: Washoe County School District, ARRA Oversight
Exhibit G: Nevada Information Related to the American Recovery and Reinvestment Act of 2009

A. ROLL CALL.

The meeting of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight was called to order by Chairwoman Smith at 3:00 p.m. The secretary called roll; all members were present except for Assemblywoman Leslie and Assemblyman Atkinson.

Chairwoman Smith announced that Assemblywoman Leslie was unable to attend due to the weather on the East Coast.

Chairwoman Smith welcomed the Subcommittee members and presenters to the first meeting of Interim Finance Committee's Subcommittee for Federal Stimulus Oversight and apologized for the length of the preceding Interim Finance Committee (IFC) meeting.

Chairwoman Smith outlined the duties of the Subcommittee from Assembly Concurrent Resolution (A.C.R.) 34, 2009 Legislature, which allowed the Legislature the opportunity for oversight over the expenditures, accountability and transparency of the American Recovery and Reinvestment Act (ARRA) funding. She said that Nevada citizens were anxiously waiting to see how the federal stimulus funding was utilized to benefit the people of the state.

Chairwoman Smith noted that the ARRA was passed to help create jobs in Nevada, help the neediest citizens of the state, and to create a tax stimulus. She said that often the Legislature focused only on the job creation part of the federal stimulus funding and the other goals of the funding were forgotten. She remarked that food stamps were an example of how the state helped the neediest citizens and stimulated the economy more than any other recovery funds spent in Nevada.

Commenting further, Chairwoman Smith said the goal of the Subcommittee was to hear presentations from the various agencies and locals in the state receiving federal stimulus funding to see how the money was being received, how it was spent, and to provide transparency so the citizens of the state could see how the funds were best utilized.

In addition, the members of the Subcommittee would provide input on the different agencies and departments they wanted to hear presentations from at future meetings. Chairwoman Smith welcomed everyone in attendance and would appreciate public comment at the end of the meeting.

B. REVIEW OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS ADMINISTERED BY THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION.

Larry Mosley, Director, Department of Employment, Training and Rehabilitation (DETR), referenced the handout - State of Nevada, Department of Employment, Training and Rehabilitation, American Recovery and Reinvestment Act, Impact on Unemployment Insurance Compensation and Workforce Investment Programs (Exhibit C).

Mr. Mosley noted that over a year and half ago, DETR embraced a national initiative to transform the workforce delivery system into a system that recognized regional innovation, industry sector driven initiatives, talent development and strategic partnerships. Key alliances with businesses, education, labor, professional trade associations, faith-based and community-based organizations, as well as publicly-funded employment training agencies were developed to address the workforce needs for businesses in Nevada. However, since those alliances were developed, Nevada along with the rest of the nation fell into a significant recession and the need for a strategic alliance among businesses and labor, education, economic development and state agencies was never more apparent.

Mr. Mosley said that DETR received $32.9 million in ARRA employment and training funds. He noted that $5.4 million was awarded for investment in unemployment insurance infrastructure to augment administrative funding and the authority to administer additional programs resulting in the extended payment of approximately $671 million to unemployed Nevadans in FY 2009. To ensure that the federal stimulus funds were used in the most efficient manner, DETR began the expansion of partnerships with the Governor's Workforce Investment Boards – Nevadaworks, and the Southern Nevada Workforce Investment Board. He stated that the business and hospitality sectors included construction, mining, green initiatives and renewable energy, manufacturing, and labor (union and non-union) apprenticeship programs. Mr. Mosley stated that DETR worked closely with Chancellor Klaich and Chancellor Rogers and the Nevada System of Higher Education (NSHE) appointed Dr. Richards as part of the strategic advisory committee in partnership with DETR. In addition, DETR collaborated with the Commission on Economic Development, local economic development authorities, state agencies, the Housing Division, Division of Health and Human Services and Department of Corrections, as well as faith-based organizations.

Mr. Mosley explained that with the passage of Senate Bill 152 and Senate Bill 239, the 2009 Legislature established working relationships in the creation of jobs in green and renewable energy, as well as better coordination in regional economic development goals. Recently, the Governor's Workforce Investment Board created the first industry sector council setting the course to ensure a skilled and qualified workforce was available to meet the demands of a new green economy as envisioned in Senate Bill 152.

Continuing with his presentation, Mr. Mosley stated that DETR, the Housing Division, as well as other stakeholders partnered to develop the weatherization training project, which was expected to employ approximately 300 individuals. In addition, the Department of Labor recently announced the availability of $50 million in labor market information improvement grants for state workforce agencies. States were expected to use workforce and labor market data as the foundation on which to build and implement effective workforce development strategies. The Department of Labor announced the availability of $190 million for state energy sector partnerships and training grants. Accordingly, the Research and Analysis Division, DETR, would submit a grant application for $800,000 to conduct research to identify, coordinate, and plan green initiatives in Nevada. In order to highlight the importance of the state's role in planning a national green economy, Mr. Mosley said the department is investing in workforce sector strategies that target energy efficiency and renewable energy industries. The Bureau of Labor encourages a strategic planning process that aligns the Governor's overall workforce vision, state energy policies, and local and regional training activities that lead to employment in targeted industry sectors. He said the strategic planning process is an opportunity to develop a statewide energy sector strategy to a comprehensive partnership and development of a sector plan. In conclusion, Mr. Mosley said that DETR, on behalf of and in coordination with the Governor's Workforce Investment Board, would submit a grant request of between $2.0 to $6.0 million and would provide regular updates to the IFC regarding the activities of the grant funding.

Cindy Jones, Administrator, Employment Security Division, and Deputy Director, Department of Employment, Training, and Rehabilitation, directed the Subcommittee to pages 6 through 16, Exhibit C, ARRA Impacts Unemployment Insurance Benefit and Employment Service (Labor Exchange) Programs.

Ms. Jones stated the current Nevada unemployment rate was 12 percent compared to 6.4 percent in June 2008 and 4.6 percent June 2007. She indicated that 123,417 unemployed workers received unemployment benefits in the last week of July 2009, compared to 37,210 for the same week in July 2008.

With all the extensions and the additional compensation programs currently available through the ARRA, Ms. Jones said the division was paying out approximately $38 million a week to unemployed Nevadan's. She noted for every dollar paid out in unemployment insurance benefits, approximately $2.15 of economic activity was resultant, so the impacts of the unemployment insurance program on Nevada's economy were significant. She further stated that currently, 1,897 individuals have exhausted all their unemployment insurance benefit entitlements.

Ms. Jones referred to page 8 and explained that one of the programs implemented through the ARRA was the Federal Additional Compensation program (FAC), which added an extra $25 to weekly payments for all types of claims for benefits, whether it was regular state unemployment insurance benefits, federal extensions, or state extended benefits. Currently, the division paid out $55 million to unemployment insurance claimants in the form of FAC payments. She added that the Emergency Unemployment Compensation (EUC) program, which is authorized by two separate bills prior to the ARRA, provides an additional 33 weeks of federally funded unemployment insurance benefits to workers that exhausted their regular state claim. Recently, Ms. Jones noted that Congressman Jim McDermott, Washington, introduced H.R. 11, and if passed would add an additional 13 weeks of benefits to workers that exhausted all other extensions available. She clarified that the additional 13 weeks of unemployment benefits would be available to workers in high unemployment states, which included Nevada. Presently, the maximum benefits available to unemployment insurance claimants was 79 weeks, and if H.R. 11 passed, an additional 13 weeks of benefits would be available making 92 weeks of unemployment benefits available. Currently, over $345 million in federally funded extended unemployment benefits were paid to 86,000 claimants.

Continuing, Ms. Jones stated that the State Extended Benefits (SEB) programs, page 10 and 11, Exhibit C, respond to economic conditions in individual states by providing additional unemployment insurance benefits to workers that exhaust their regular claims. Based on current economic conditions, Nevada "triggered-on" SEB starting in February 2009. By amending the state's unemployment compensation law through Assembly Bill 469 (2009 Session), the state was able to pay out 20 weeks of extended benefits to workers that exhausted both their regular claims and federal extensions. Ms. Jones said that ARRA provides for 100 percent funding of SEB payments through the end of 2010; however, the bill that was just introduced at the federal level would extend that federal 100 percent reimbursement for SEB for another year saving Nevada approximately $180 million if the federal bill passes as written.

Commenting further, Ms. Jones said that ARRA temporarily waives interest for unemployment insurance trust fund loans through December 31, 2010. Nevada was in the position to have to borrow funds to pay unemployment insurance benefits in late September or early October 2009. She noted that Nevada was well poised going into the recession and had the 19th strongest trust fund in the country. In May 2009, Nevada had a balance in the state trust fund of $806 million. At present, the regular trust fund balance was approximately $70 million. She indicated that the trust fund would soon run out of money with paying out $22 million a week of regular unemployment benefits. With the passage of Assembly Bill 469, DETR received ARRA stimulus funding resulting in an additional $76.9 million being deposited in the trust fund, which would extend the period DETR would have to wait to borrow funds to pay benefits by three weeks. Additionally, Ms. Jones said that Nevada was awarded approximately $5.4 million for investment in infrastructure and to augment the unemployment insurance compensation system.

Explaining further, Ms. Jones stated that unemployment compensation programs have been underfunded at the federal level by approximately $6.0 billion over the last three years, and the $5.4 million for investment in the infrastructure of the unemployment insurance compensation system would enable the state to improve technology to more expediently provide a virtual call center and also invest in tools to help protect the interest of the trust fund.

Chairwoman Smith asked how specifically the $5.4 million for unemployment insurance infrastructure was going to be spent. Ms. Jones responded that the $5.4 million would be spent for in-house administrative funding and to purchase equipment to support the state's antiquated system. Currently, DETR was preparing work programs to invest in updated virtual call center technology and have received quotes from potential vendors.

Senator Horsford wondered how the loan would be repaid and the timeframe for repayment if Nevada borrowed approximately $100 million each month to pay back the unemployment insurance benefits loan.

Ms. Jones said the amount that Nevada would have to borrow and how quickly the state would repay the money depended on the tax strategy adopted, not only in the next calendar year, but in future calendar years. Ms. Jones said the unemployment insurance tax system regulation that indicates what tier employers fall into in order to establish an average tax rate was promulgated through a regulation adopted late each year based on the recommendations by the Employment Security Council. The Employment Security Council meets each October to make its rate recommendations to the Administrator for the adoption of the regulation. Ms. Jones said she did not have the opportunity to read through the new legislation, but was hopeful that the interest free period would extend longer than currently, because it was a troubling area and difficult to determine how long the state would have to borrow. Ms. Jones said that if nothing was done to the tax structure, the state would have to borrow approximately $1.0 billion in the next year.

Senator Horsford said that was not out of the General Fund and was based on a separate funding source that was independent and DETR had the ability through regulation to modify the rate in order to recoup the revenue necessary to repay the loan. Ms. Jones replied that Senator Horsford was correct and the rate was established every year by regulation. She added that the state would look at tax strategies that not only repay the loans, but also provide enough funds to pay future benefits and build solvency for the next inevitable downturn.

Assemblyman Goicoechea asked Ms. Jones if she could speculate on how much of an increase the state was looking at. He said that borrowing $100 million per month to pay unemployment insurance benefits was a lot of money. Ms. Jones responded that currently DETR was developing strategies to address the economic situation. She said that DETR could not have projected the state would hit 12 percent unemployment and hoped action would be taken on the federal level to help states deal with the high unemployment numbers. Presently, there were 18 states borrowing from the federal unemployment trust fund and she expected that 32 to 36 states would need to borrow from the fund in the near future. She indicated that the federal unemployment trust fund started the year with $17.0 billion and was down to approximately $700 million. She said it was interesting to note that the federal unemployment trust fund was running out of money and the fund just borrowed from the General Fund in order to have funds for states to borrow to pay unemployment benefits at the state level. Ms. Jones was hopeful some relief would come at the federal level; however, she was not confident and it will be interesting to see how the state would craft its tax strategy in upcoming years.

Assemblyman Hardy asked for clarification on the borrowing of the $100 million per month to pay the unemployment insurance benefits. If the trust fund was funded by the employer's unemployment taxes, he wondered if unemployment taxes would increase for employers, and if that was the case, employers would be paying tax assessments never paid previously.

Ms. Jones replied it was a reasonable expectation that unemployment taxes would increase for employers. She reiterated that the trust fund started out with $800 million and was now down to $70 million. She said the money had to come from somewhere and the country had an employer-based tax system.

Referring to page 16, Exhibit C, Ms. Jones said that approximately $3.4 million of the ARRA funding was received by Nevada's labor exchange programs, which were the programs at the core of the Nevada JobConnect offices. She explained that the Nevada JobConnect offices enable Nevada to connect workers with employment opportunities and to administer reemployment service programs that seek to bring employment insurance claimants into the one-stop system and connect them with reemployment more quickly. Ms. Jones said the Nevada JobConnect funding allowed DETR to retain staff in jeopardy of losing their jobs due to reduced tax collections in the career enhancement and Wagner-Peyser Act program grant funds. In addition, the funding enabled DETR to retain 22 intermittent employees to help provide services in the one-stop system across Nevada.

Chairwoman Smith asked if there were any reports or performance indicators that tracked the outcome of actual jobs retained and obtained as a result of the additional funding. Ms. Jones replied that DETR had regular performance indicators that tracked entered employments. She noted that the job numbers were calculated on a quarterly basis; however, DETR could provide a breakdown of the staff retained because of the funding and the number of workers that obtained employment as a result of the funding.

Chairwoman Smith asked if new unemployment numbers were due soon. Ms. Jones said that the national unemployment numbers were due later in the week and typically the state's unemployment numbers followed the national numbers.

Chairwoman Smith asked if DETR had a sense of how things currently compared to the latest 12 percent unemployment numbers. Mr. Mosley responded that based upon indicators in the construction industry, he expected the unemployment numbers to get worse in the next few months.

Ms. Jones added that given the activity at the unemployment insurance claims centers, DETR was not seeing any relief in the near future.

Ardell Galbreth, Deputy Director, Department of Employment, Training and Rehabilitation, directed the Subcommittee to Tab B.1.d. of the meeting packet, Exhibit A, and said his presentation would cover the ARRA impacts on vocational rehabilitation, as well as the Workforce Investment Act program. Mr. Galbreth said that ARRA vocational rehabilitation funding required no match. Normally, regular grant funding received from the federal government for vocational rehabilitation had a four to one match. For every dollar of state General Fund; the federal government matched it with four dollars. He noted allocations included $1.0 million for client services, and $338,000 for divisional infrastructure, which included staff training and equipment for vocational rehabilitation. Community based organizations, via requests for application proposal are allocated $2.86 million. In addition, Mr. Galbreth said the DETR was receiving $280,405 to expand services in the Older Blind program (doubles current allocation) and $242,913 for the Independent Living program (pass through to DHHS).

Continuing, Mr. Galbreth said he would briefly discuss the flow of the federal funding into the state. He said the Department of Labor allocates the ARRA funds to the state of Nevada through the Governor's Office and the State Workforce Investment Board, which DETR serves as a staffing agency to both. The funds were then allocated to the local elected officials, who had responsibility over the local workforce investment areas. There are two local workforce investment areas in the state of Nevada (north and south). The southern Nevada area consists of four counties; Lincoln, Esmeralda, Nye and Clark Counties, and the rest of the areas throughout the state were in the northern Nevada workforce investment area. The local elected official allocates the funds to the Local Workforce Investment Board, who in turn allocates the funds through requests for proposals (RFP) to the sub-recipient or services providers, who delivered the services on the frontline to the customer (job seekers and/or employers). Referring to page 20, Exhibit C, which displayed the flow of the federal funds, Mr. Galbreth noted there was also a 15 percent set-aside or Governor's reserve funds; 5 percent for administrative activities throughout the state, and the remaining 10 percent for statewide workforce investment activities.

Mr. Galbreth said the ARRA Workforce Investment Act funding totaled $25.3 million and funds must be expended by June 30, 2011. Adult workers receive approximately $3.4 million, youth workers received $7.6 million, and the dislocated worker received approximately $14.3 million.

Chairwoman Smith requested the definition of a dislocated worker. Mr. Galbreth explained that a dislocated worker was someone that lost a job due to no fault of their own. The dislocated worker may be receiving unemployment insurance benefits and exhausted all of their unemployment benefits, whereas the adult funding streams applied to anyone 18 years of age or older that needed skill training in order to improve their ability to obtain a job or retain their current job. The Local Workforce Investment Board contracts with sub-recipients to deliver those frontline services.

Mr. Galbreth said the Workforce Investment Act funds distribution methodology for developing the formula is derived from the population rate in the local workforce investment areas, unemployment rate and poverty rate. The adult funding distribution for the local workforce investment boards included $840,497 for Nevadaworks and $2,042,856 for Workforce Connections (formally Southern Nevada Workforce Investment Board). Total funds awarded to the local workforce investment areas for all programs (adult, youth and dislocated worker) were $21,483,007.

Moving to the services provided in the youth plan, Mr. Galbreth said some of the youth activities as a result of the ARRA funding were tutoring, study skills training or instruction leading to secondary school completion. In addition one of the most significant parts of the planning efforts was the summer youth employment and training program. Not since program year 1998 has a separate funding allocation been made specific for the summer youth employment and training component. Mr. Galbreth noted that comprehensive work plans were in place to ensure that youth in significant numbers throughout the state of Nevada had the opportunity to participate in summer youth employment or training. He noted that studies have shown that youth who attain employment experience during their young adulthood gain multiple benefits to serve them for their lifetime. Mr. Galbreth said that youth that have employment and training experience were more likely to see and understand the connection between school and career success, as well as increase their employability skills. In addition, research has indicated that teenagers that work in a year long program or during the summer were more likely to follow the work flow throughout the year.

Reviewing the services delivered to adult and dislocated workers, page 26, Mr. Galbreth said that services delivered to adult and dislocated workers included staff assisted services, which were core services, training services and intensive services in order to provide adults and dislocated workers the ability to obtain and retain jobs.

Mr. Galbreth stated that the goals of adult and dislocated worker programs were employment and job retention and the amount of funds awarded to the adult and dislocated worker was displayed on page 27, Exhibit C. He said that DETR served as a pass-through agency to oversee the employment training services throughout the state.

Mr. Galbreth said that the Governor's 10 percent set-aside reserve projects were listed on page 28, Exhibit C. Some of the activities provided by the Governor's reserve funds were the Summer Business Institute in Clark County, which included employment and training for youth, to working with the Department of Health and Human Services to serve Caliente youth in the summer. He said the programs start anywhere from June 2009 and run through September 30, 2009.

Concluding his presentation, Mr. Galbreth said that additional ARRA information can be found on DETR's recovery website at www.nvdetr.org/recovery.

Chairwoman Smith asked if there was any information on how the current funding awarded had been spent and how many summer youth jobs were created as a result of the funding. Responding, Mr. Galbreth said $1.8 million was committed for Nevadaworks in northern Nevada for summer employment opportunities to serve 431 youth. In southern Nevada, Workforce Connections was allocated $3.2 million to serve 2,571 youth.

Chairwoman Smith asked Mr. Galbreth when he would have the final data on the number of summer employment opportunities and the breakdown of youth employed in southern and northern Nevada. Mr. Galbreth said the final outcomes of summer youth employment as a result of the ARRA funding would be available September 30, 2009.

Chairwoman Smith said in some cases the funding for youth provided training for future employment, or provided actual jobs, and she wondered if there was a defined percentage of how the funding could be allocated. Mr. Galbreth replied the Chair was correct; some of the funding went for training and employment and the allocation was not necessarily determined as to whether the youth received training or work. The funding was allocated to the type of individual that received the money, for example, in-school youth, out-of-school youth, as well as youth that were receiving training beyond the September 30, 2009, deadline, which would be part of the all around youth employment and training services. He said even though the funding was from the ARRA, it would not be included in the summer youth training program.

Chairwoman Smith asked if all the money had to go to non-profit entities as it flowed through the workforce investment boards or could it go to a private entity, and was the request for funding done through an RFP. Mr. Galbreth responded that all of the funding went to non-profit entities; however, there were no restrictions and a profit or private agency could apply and receive funding as well. In addition, the requests for allocations were done through the RFP process.

Chairwoman Smith wondered if the workforce investments boards were public entities. Mr. Galbreth said they were public entities established by the local elected officials in the counties and cities.

Chairwoman Smith asked if the public entities reported their outcomes through DETR, or do they have their own reporting requirements. Mr. Galbreth said the public entities reported their outcomes through DETR, and in-turn DETR compiled the findings and reported the numbers to the Department of Labor. In addition, DETR would report the outcomes to the Interim Finance Committee.

Chairwoman Smith commented that the presenters provided a good overview of the opportunities for the federal stimulus funding. She requested more detail on the job opportunities as a result of the funding and how the funding was utilized.

Assemblyman Goicoechea questioned the total number of dollars the state anticipated would flow to DETR through the ARRA stimulus funding. Mr. Galbreth said the total funding was approximately $260 million.

Senator Horsford asked if the state, through DETR or the Governor's Office, indicated whether they would pursue emergency grant funds based on the high level of unemployment, particularly in the construction sector, and if so, how did Mr. Galbreth expect that to proceed. Mr. Galbreth replied that at this time an emergency grant has not been determined. Currently, DETR was trying to allocate all the funds awarded through the Department of Labor. Upon receipt and allocation of ARRA funds, in addition to the regular formula funds, DETR would have to conduct an analysis to determine what type of justification DETR may need to request national emergency grant funds.

Senator Horsford asked DETR to provide a status report to the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight and the committee reviewing the revenue structure of Nevada's Unemployment Insurance Trust fund, the projections for federal loans and the fees that would be charged to employers for the unemployment insurance so both committees could understand the implications to business.

Chairwoman Smith asked if the State Workforce Investment Board was involved in developing the implementation plan of how to spend the ARRA funds. Mr. Galbreth replied that the State Workforce Investment Board was required to develop an implementation plan, which had to be submitted to Department of Labor on June 30, 2009. Through the State Workforce Investment Board, along with the board members and the strategic planning committee, an implementation plan was formulated and submitted on time as scheduled and extended through June 2010.

Chairwoman Smith asked if the Workforce Investment Board was involved in Senate Bill 152, which used incentives contained in the ARRA funding to provide job training, encourage energy efficiency and promote the use of renewable energy in Nevada and was there a separate working group. Mr. Galbreth responded both boards were part of the strategic alliance on the workforce investment and participated with the sector of councils that were put in place. Also, he emphasized that the Green and Renewable Energy Jobs Sector Council was the first council that the Workforce Investment Board has collaborated with NSHE, Department of Labor, and apprenticeship programs.

Renee Olson, Chief Financial Officer, DETR, clarified that the $260 million in ARRA funds anticipated to flow through DETR did not include future estimates of unemployment benefits that may be paid due to federal extensions through the act.

Senator Horsford questioned the provision in Congress to extend the unemployment insurance benefits for workers currently on unemployment. He wondered if there was a federal and state portion, and if the federal government extended the unemployment benefits, would the state also have to pay its share.

Ms. Jones clarified that the provision in Congress seeks to add a tier three extension adding an additional 13 weeks of federally funded unemployment insurance. Also included in the proposed legislation was funding state extended benefits 100 percent. She noted that typically state extended benefits were funded 50 percent by the state and 50 percent at the federal level. Through the current ARRA, state extended benefits were funded 100 percent for contributory employers, and the bill seeks to extend the period to fund the state extended benefits through calendar year 2010. If passed, it was $180 million less then than DETR projected to expend or cover through the Unemployment Insurance Trust Fund in Nevada.

Chairwoman Smith wondered if the funding for the Governor's 10 percent set-aside reserve, page 28, Exhibit C, was usually available through the Workforce Investment Board and there were additional funds with the ARRA. Mr. Galbreth responded that it was only the 10 percent set-aside reserve funds that come off the top of all of the allocations received by the state.

Chairwoman Smith asked if there was not usually a Governor's Reserve Project Fund. Mr. Galbreth replied there is a Governor's Reserve Project from the formula grant, so when the state received the formula allocations, 15 percent of formula allocation was taken off the top and 10 percent of that went to statewide activities.

Chairwoman Smith asked Mr. Galbreth if he could provide an idea of what this means as far as reserve projects. Was it a competitive grant, how it gets funding and what was the point of the Governor's reserve projects?

Responding, Mr. Galbreth explained that through the local workforce investment boards, different entities submit a work plan, proposal or application to the Governor's Workforce Investment Board, which was reviewed by the Board's budget committee for approval.

Chairwoman Smith asked Mr. Galbreth if he knew how many applications were received compared to the number of projects approved. In addition, did they cut the proposals so all entities received some funding? Responding, Mr. Galbreth said that a number of projects were not approved; however, he did not have the specific number but could provide that data at a future meeting. Mr. Galbreth noted that only two of the four projects on the agenda at a recent Governor's Board meeting were approved; the other two items were additional information for consideration.

Chairwoman Smith asked if the proposals were funded before in normal allocations or were new concepts. To the best of his knowledge, Mr. Galbreth responded all the proposals received were new and not previously funded.

Mr. Mosley added there was still a tremendous amount of grant money from the Department of Labor and other agencies. He stated that DETR was compiling a grant team headed by Mendy Elliot, Deputy Administrator, to look for specific grants in the area of renewable energy and reentry grants.

Chairwoman Smith thanked the presenters for the good overview and said the information provided would help the Subcommittee make decisions on what they wanted to know more about at future meetings. Obviously, she noted that DETR was getting the bulk of the stimulus funding. She asked if DETR was centralizing its reporting on the ARRA funds or was the reporting done in separate silos depending on which agency the funds went through.

Mr. Mosley replied that DETR has a website dealing with the ARRA funds and also reports the information to the Governor's Office. In addition, DETR was compiling a website to receive information from other departments and agencies regarding jobs that were received and retained through the ARRA stimulus funds.

Chairwoman Smith expressed her concerns that there might be misconceptions with the different reporting websites and wanted to ensure all the information correlated.

B. REVIEW OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS ADMINISTERED BY THE DEPARTMENT OF EDUCATION.

Dr. Keith Rheault, Superintendent of Public Instruction, Department of Education (Department) directed the Subcommittee to page 244 of the meeting packet (Exhibit A). He noted that for easy reference he listed the different ARRA funded K-12 Education programs in a one page summary in order of how the funding was received in the state. He compiled the summaries on July 24, 2009, which was also the day the federal government released information on the Race-to-the-Top state incentive grant program and the stabilization criteria released by the U.S. Department of Education, so he would verbally add that information.

The National School Lunch Program (NSLP) Equipment Assistance Grant funding amount received in March 2009 was $676,000, and was the fastest turnaround of funds allocated to Nevada. The grant fund availability was through September 30, 2009. Eligible participants included 12 school districts, as well as 17 residential child care institutions. Dr. Rheault noted there was a problem with the NSLP funding regarding the interpretation of "capitalization for equipment", but once clarified, the Department provided all of the approved applications for review by the Department of Agriculture. Equipment under $5,000 was approved although there was a $5,000 minimum requirement. Dr. Rheault said the Department worked closely with the Department of Labor, and they allowed the Department to use the capitalization rate established by the state, whichever was the lowest. The Department used the State Administrative Manual amount of $1,000 by which entities were required to do inventory. The Department of Agriculture agreed to that amount, which averted a potential problem for the Department.

Chairwoman Smith said when looking at the grant applications for the school districts it seemed the districts were able to combine efforts and get more "bang for the buck" on some of the equipment needed. Responding, Dr. Rheault said that the ARRA NSLP funding was flexible and school districts were allowed to "pool" some of the requests to get over the $1,000 threshold. He noted that the Department had $1.6 million in grant requests, with $676,000 in equipment funding.

Moving to the Individuals with Disabilities Education Act, Part B (IDEA) funding, Dr. Rheault said the ARRA funding available to Nevada was approximately $69 million; $67 million for the regular IDEA program, and $2.3 million for students with disabilities aged three to five years (early childhood funding). Currently, the state received 50 percent of the funding and the other 50 percent would be awarded by October 1, 2009. Dr. Rheault stated the funding was appropriated following all regular program requirements except the funding would be accounted for separate from the regular allocations. He indicated there was some flexibility in the funding and the federal government allowed school districts that met certain criteria, as far as performance with special education students, to reduce their maintenance of effort (MOE) by 50 percent. The districts that did not qualify for the eligibility to reduce their MOE would have to pay the MOE through a separate allocation. Dr. Rheault indicated that since the applications were due July 31, 2009, he could not provide a summary of the district applications at this time. Referring to page 245, Exhibit A, Dr. Rheault said the electronic grants management system website was available through ePAGE (http://www.doe.nv.gov/ePAGE.htm). He said that in order to provide transparency in the ARRA funding, any citizen can go to the ePAGE site after the funding was approved to view a line item breakdown of how the districts budgeted for the funds and how the funds were utilized.

Chairwoman Smith asked if school districts were doing their own things or were the funds filtered through the Department of Education. Dr. Rheault replied that the ARRA funds filtered through the Department. He believed the next report was due October 10, 2009, and he could provide a summary report of the funds expended at a future meeting.

Dr. Rheault said some of the school districts were asked to provide information on how they determined where to allocate the ARRA funds. For example, Clark and Washoe County received approximately $60 million of the $69 million of the IDEA funding awarded to the state.

Turning to another topic, Chairwoman Smith recalled there was discussion concerning the energy retrofitting of schools in Nevada and the state energy program grant from the Nevada State Office of Energy (NSOE). She stated that the funding from the NSOE for retrofitting schools was being evenly distributed to the school districts, which she believed was strange. She asked Dr. Rheault if the Department or schools districts had any input into the energy retrofitting funding and if there had been any discussion to change the distribution of those funds.

Dr. Rheault replied that he recently received an e-mail regarding additional federal funding for the energy retrofitting of schools; however, he had not looked at that in detail. He was unaware of the even distribution of funds to school districts for energy retrofitting and would provide an update to the Subcommittee at the next meeting.

Chairwoman Smith believed the funds were already allocated for the energy retrofitting projects. She asked Dr. Rheault to check with the NSOE to see if there was room to change the distribution of funds. She said it seemed odd that a small school district would receive the same amount of funding as a large school district, and was unsure if a small school district could even spend the funds allocated for energy retrofitting.

Senator Mathews agreed with Chairwoman Smith and thought it was strange to divide up the energy retrofitting grant funds evenly to the school districts. She said the state had experience with that through the Department of Education with the library funds, and the small libraries could not spend the same amount of money allocated to them on library books as the large libraries.

Continuing his presentation, page 246, Title I, Part A of the Elementary and Secondary Education Act funding, Dr. Rheault said that $70 million in funds was allocated to the state for distribution to school districts. He stated that 50 percent of the funding was made available in April 2009, and the remaining 50 percent would be awarded by October 1, 2009. Dr. Rheault said the funds must be appropriated following all regular program requirements except the funds would be accounted for separately from the regular Title I allocations. Applications for the ARRA Title I funds were available since April 2009 and to date two school districts had been approved for funding. He believed the remaining applications were due July 31, 2009, and funding would be made available when reviewed and approved. Dr. Rheault stated that school districts have taken different approaches on the use of the Title I funding and added new schools that were eligible but never received funding in some Title I districts, and other districts provided the additional funds to the current funded Title I schools to make up for funds not available through the Innovation and Remediation Trust Fund.

Dr. Rheault advised that Clark County School District will receive $60 million and Washoe County School District will receive $6.4 million of the $70 million, and the remaining 15 school districts would receive relatively small amounts of the ARRA funding for Title I, Part A. Dr. Rheault said one question brought up during the legislative session was whether the Department could direct how districts used the ARRA Title I funding. He said that as long as the districts followed the requirements and were compliant to eligible expenditures, the Department could not deny applications. He clarified that the Department ensured the applications were complete and met the ARRA requirements, but beyond that it was a district decision on how the funds were expended.

Continuing, Dr. Rheault directed the Subcommittee to page 247 of the meeting packet entitled, Enhancing Education through Technology (EET) State Grant, Title II, Part D.

He stated the grant award for The Enhancing Education through Technology program was approximately $4.0 million. The applications were received on July 17, 2009, and the grant application review was complete. The funding was 100 percent competitive, although the districts worked jointly to put together a consortium application for the funds. There were only nine school districts eligible to apply for the funding, however ARRA provides that districts may collaborate with districts that were not eligible. The Washoe County School District with assistance from the eight districts that were ineligible were included as part of the consortium so that all districts would benefit. He added the districts were primarily looking at using the ARRA EET funds for teacher training, professional development, and technology equipment. Dr. Rheault said the grant amount was not large; however, he believed the districts did a good job of utilizing the funding. He added that the presenters from the Washoe County School District could provide more detail regarding the use of ARRA Title II funds later in the meeting.

Moving to page 248, Dr. Rheault said the ARRA grant funding for the McKinney-Vento Education for Homeless Children and Youth was $523,263, which was more than the regular McKinney-Vento funding received in a year. Previously, the Homeless Grants funding was allocated to Clark County, Washoe County and Carson City School Districts, based on the number of homeless students, which supported 6,647 students specifically identified as homeless. McKinney-Vento Funds can be used to assist homeless children in enrolling, attending and succeeding in school. The applications for the ARRA Homeless Funds were due August 3, 2009, and funding would be made available to schools districts that qualify by August 8, 2009.

Assemblyman Conklin asked who the service providers in the communities could contact if they had questions about services for the homeless youth.

Dr. Rheault responded that most of the large school districts had a point of contact for homeless students within the districts. He noted that the school directors or the District Office could provide service providers with a designated contact.

Gloria Dopf, Deputy Superintendent, Department of Education, advised that school districts have coordinators under the McKinney-Vento Education for Homeless Children Act responsible to be the point of contact for the homeless students. In addition, under the federal act, each school must have a designated contact for the homeless program.

Chairwoman Smith asked Dr. Rheault when the current count of homeless children occurred for comparison to the last count, which school districts participate in the count, and the methodology used to determine the state's homeless children count.

Dr. Rheault replied there was not a set date for the count, although the Department tried to update the annual homeless children count at the beginning of each school year.

Moving to the State Fiscal Stabilization Fund (SFSF) program, page 249, Dr. Rheault said the Department had already received two-thirds of the stabilization grant funds under Phase I. He said that Phase II application was due October 1, 2009, after the

U.S. Department of Education published the proposed requirements, definitions, and approval criteria for Phase II applications, which also included public comment. He said there were 116 pages of criteria allowing states to properly apply for Phase II funds and meet the requirements. Dr. Rheault said that looking over the details of the requirements for Phase II; he believed the state could meet those requirements. He noted there were particular requirements that needed clarification, and he would provide comments to the U.S. Department of Education for clarification on those requirements.

Dr. Rheault went on to explain that K-12 education school districts received $139 million in fiscal year 2009 to meet shortfalls in the Distributive School Account (DSA). The remaining approved stabilization funds for K-12 or higher education were going to higher education. Dr. Rheault was aware of the concerns to make sure the state qualified for assurances under Phase II, and if not approved, then higher education would not receive approximately $184 million. Looking over the criteria for the grant funds, Dr. Rheault believed that K-12 education was in good shape in meeting the requirements for approval by Phase II. He indicated that the Department did not collect data on the high-qualified teacher area, and criteria required the Department to report on the percentage of teachers and principals rated on a performance level for evaluations. The Department had to submit a plan for ensuring the information would be publically reported as soon as possible, but no later than September 30, 2011, so that criteria was not hinging on the approval to receive Phase II funding.

Chairwoman Smith asked if the Department received any stimulus funding to help with administrative staffing.

Jim Wells, Deputy Superintendent, Department of Education, commented that all of the ARRA funding was pass-through and there was no administrative funding on any of the ARRA funding coming into the Department. He added that currently there was a bill in Congress that would allow .05 percent to be withheld from each program at the state department for administrative purposes. He believed that bill passed through the House and was currently on the Senate floor.

Chairwoman Smith commented that the Legislature does not receive any ARRA funding for ARRA oversight. She believed there was some regret that funding for the reporting requirements for the ARRA funds were not considered.

Mr. Wells informed the Subcommittee that a handout was provided to the members outside the packet entitled, The Four Assurances for the ARRA (Exhibit D), which was a summary of the indicators and descriptors that were necessary for the Phase II SFSF application requirements.

Dr. Rheault added that although there was a lot of criteria to report on for Phase II of the SFSF grant, the Department was in decent shape in light of the longitudinal data systems (LDS) federal grant received by the Department a couple of years ago. He stated the Department had all of the data and information that was required for the low-performing schools reporting requirements; he just needed some clarification on the standards for recruiting, developing, retaining and rewarding effective teacher requirements.

Chairwoman Smith asked if that was the Race-to-the-Top funding or was it just the Phase II of the SFSF. Dr. Rheault said it was the last third of stabilization money; $324 million available spring of 2009.

Senator Horsford wanted to know if just the data element had to be provided in the plan or does there actually have to be a plan in the four education reform areas, which included the benchmarks, recruiting, retaining and rewarding effective teachers and principals, building better data systems and turning around the lowest-performing schools.

Dr. Rheault replied that the Department had to provide a plan showing how they would work with the standards and assessments to improve those issues, so it would include a plan plus all the current data that the Department had for the four education reform areas.

Senator Horsford requested that the draft plan developed by the Department be shared with the Subcommittee in advance of being submitted since it was a requirement of the ARRA funds. In addition, he wanted the comprehensive plan shared with the Legislative Committee on Education since it dealt with some of the reform elements that may need to be pursued from the policy side. He believed it would help to receive feedback from the Legislature, within the constraints possible, recognizing that it was a compliance requirement of the Department.

Dr. Rheault replied that it was still a public comment period and some of the requirements of the criteria could change. He would provide a copy of the Department's comprehensive plan addressing the four areas of education reform as required by the U.S. Department of Education for the SFSF. He noted that the federal government expected public input from school districts, stakeholders and charter schools and required that the Department conduct town hall meetings to ensure the plan worked.

Senator Horsford asked Dr. Rheault to explain how Nevada law impacts the eligibility requirement regarding the Race-to-the-Top fund, which precludes a state from applying for the grant if a legal barrier exists prohibiting the use of student achievement data from being used for teacher or principal evaluation purposes.

Dr. Rheault replied that there were two absolute criteria for the $4.3 billion Race-to-the-Top funding: 1) the state had to have the Phase II stabilization application approved, and 2) there could not be any statute, law or regulation prohibiting the use of student achievement from being used for the purpose of teacher and principal evaluations. He noted that section was one sentence in NRS 386.650(1)(h). Unless there was some flexibility in the grant requirements, the state was not eligible to apply for Race-to-the-Top funds. Dr. Rheault said he was in contact with Senator Harry Reid's office, and they were willing to set up a meeting with the U.S. Department of Education regarding the interpretation of the statute. He noted that one criterion when applying for the Race-to-the-Top funding was that the Attorney General had to sign off on the application to ensure the state did not exaggerate on the description of what the state said it could do with that statute, specifically using student achievement data for the purpose of teacher and principal evaluation.

Dr. Rheault stated he would schedule a meeting with the U.S. Department of Education regarding the interpretation of the statute. He added that at least ten states including California, New York, and Wisconsin had the same language in their statutes. Therefore, two of the largest states in the country were eliminated from the federal funds unless the public comment period allowed the U.S. Department of Education to provide some type of flexibility.

Senator Horsford commented that some of those states had full-time Legislatures and could meet periodically throughout the year to address the language in statute. However, Nevada would not convene again until 2011, and if there was not clarification on the language, Nevada could loose the ability to compete for its share of the $4.3 billion, which he believed was problematic since the state was currently underfunded.

Dr. Rheault replied that he recently met with school superintendents nationwide and a representative from the U.S. Department of Education was in attendance at that meeting. Dr. Rheault said the representative from the U.S. Department of Education was insensitive to the rural districts, and when the issue was addressed, the response was that ineligible states with a legal barrier would have to change the language in the statute. He noted that he brought up the fact that a number of the states had a biennial Legislature, and even if Nevada waited until the Phase II application process in the fall of 2010, the Nevada Legislature does not meet again until 2011, and there was nothing the state could do if the U.S. Department of Education did not provide flexibility.

Chairwoman Smith added that it would be helpful to include the pay for performance bill (2007 Session) in the discussions with the U.S. Department of Education that allows using that data as part of the pay for performance mechanism.

Senator Raggio said that one of the aspects of the comprehensive plan included in the SFSF dealt with turning around the lowest-performing schools and he was curious if Dr. Rheault had some thoughts on what would be included in the comprehensive plan dealing with those schools.

Dr. Rheault responded that the federal government wanted to see the Department's comprehensive plan because they wanted to increase emphasis on the schools that are in need of improvement for six or seven years. In addition, the federal government wanted states to take drastic action such as eliminating low-performing schools to eliminating school staff.

Senator Raggio was aware there was a comprehensive plan, but he wondered if there were any new ideas, devices or programs the state was looking at that would fit into the comprehensive plan for the low performing schools.

Dr. Rheault replied that he has not seen anything new or different in the comprehensive plan that would change the lowest-performing schools other than good leadership and good teachers. He was aware there were modifications during the 2009 Legislative Session that looked at the curriculum of the lowest-performing schools and whether schools were teaching the curriculum and following adopted standards.

Senator Raggio asked how many schools currently were projected to be in the need of improvement category. Dr. Rheault replied the information for the schools in need of improvements was released on July 31, 2009; however, he did not have that information with him.

Senator Raggio asked how many schools were in the third or fourth consecutive year of demonstrating in need of improvement. Dr. Rheault replied there were 206 schools that did not meet the requirements in 2008. Currently, there were approximately 150 schools demonstrating in need of improvement.

Senator Raggio asked if there was a grace period extended for the schools that demonstrated in need of improvement for the fifth year. Dr. Rheault noted that the Department allowed some flexibility on when the school support teams were required to be implemented.

Ms. Dopf clarified that through passage of Senate Bill 389 (2009) consequences for the schools that demonstrated in need of improvement for three or more consecutive years was modified. Previously, when a school was designated in need of improvement in its third year, the school had to establish a school support team and leader, which was funded through state funds for non-Title I schools for that service. Often, it was determined that the school support team and leader were not meeting the specific needs of that school, so under Senate Bill 389, the Legislature allowed all schools in need of improvement for three years to conduct a curriculum audit utilizing a tool developed with the school districts and national leaders. Ms. Dopf added if the schools were in need of improvement for a fourth year, those schools would have the availability of a corrective action that matched the needs identified in the analyses. She said it was not just a school support team, but training, mentoring, and specific services for special education, along with the ability to have the corrective action in schools in need of improvement for four years matching the needs identified in the school in need of improvement for the third year.

Senator Raggio asked if the provisions of Senate Bill 389 were currently in the Department's comprehensive plan. In response, Ms. Dopf replied that the sequence of events was in the state plan, however, the availability of the different corrective actions and consequences have not yet been delineated. Additionally, schools in need of improvement for five years and beyond were held to specific requirements under restructuring, which took it to a more consequential level.

Senator Raggio asked when the new comprehensive plan required under the ARRA would be submitted.

Dr. Rheault replied that the comprehensive plan would be part of the Race-to-the-Top application and there were different phases in the funding area. He explained that the SFSF required that states would not need to demonstrate progress on the indicators in order to receive funds, instead, states would ensure the information was in place so the parents, teachers and policymakers were made aware of the plan, and from that data the state could determine how to improve the categories of assurances.

Senator Raggio stated that under the grant fund availability, the state was eligible to receive the remaining third of the total SFSF allocation in Phase II after the Department approved the state's comprehensive plan on the four education reform areas.

Dr. Rheault stated when the federal government referred to the comprehensive plan, to him it meant the comprehensive application describing what the state was going to do in the four education reform areas of standards and assessments, high-quality teachers, data system and turning around the low-performing schools. Dr. Rheault believed it was confusing because there were different phases under the Race-to-the-Top funds.

Senator Raggio questioned the disparity of need in qualifying for the funds between Clark and Washoe County School Districts ($60 million - Clark County and $6.0 million - Washoe County) under the Title I, Part A of the Elementary and Secondary Education Act. He was interested to see how the funding formula was calculated for the allocation of funds.

Dr. Rheault replied that the funding allocation was done by census data and the actual funds were allocated from the U.S. Department of Education. He added that the rural districts receive very little funding because of its population. Dr. Rheault did not have all of the details of the funding formula, but was aware the formula was a fairly complicated.

Mr. Wells commented that the comprehensive plan required under the SFSF was a plan to collect and report the data by September 30, 2011. The Race-to-the-Top fund was looking more at the actual reform piece of the funding. He noted the application for the Phase II SFSF had a very short timeframe. He said the federal register notice just came out and there was a 30-day comment period, a 30-day finalization period, and a 30-day application period, making the application due approximately the last week of October 2009.

Moving to the Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB), Mr. Wells said that page 307, Exhibit A, displayed a comparison of the programs. He noted the QZAB program was an existing program that provided money for rehabilitation, repair and energy efficiency upgrades to schools located in a poverty area. The eligibility requirement for the QZAB was the school needed at least 35 percent or more students eligible for free or reduced-cost lunch or located in an Empowerment Zone or Enterprise Community. Under the QSCB program, there was no such requirement, it was less restrictive, and could be used for actual construction of buildings, whereas the QZAB program could only be used for repair of the public school facility. Mr. Wells said that both programs were interest free and provided federal tax credits to the actual bondholders. Additionally, most of the lenders were financial institutions and the repayment schedule varied, but was approximately 15 years. Mr. Wells indicated that a large allocation of approximately $51 million of QSCB funds was made to Clark County School District, as one of the hundred largest and poorest districts in the United States. The balance of the state QSCB funds was approximately $6.7 million for the 2009 and 2010 calendar years. Mr. Wells said the state was in the process of collecting information about potential programs in each of the 16 districts and the applications were due by the end of August 2009. After the applications were received, the Department hoped to get a panel of state agencies to help review the program applications. The QZAB program has a ten percent community match and also required a zone academy be created, and those two pieces, as well as some restrictions on arbitrage, which was not being able to earn interest on the bond proceeds, has created some poor utilization of the money. Mr. Wells stated that in 2008, the QZAB allocation went unused and currently for 2009, the Department did not have any applications from the school districts.

Chairwoman Smith asked if charter schools could apply for the QSCB and QZAB funding, especially the QZAB funding, which required the community match.

Mr. Wells replied that charter schools could apply for the funding. He said the Department has a technical assistance meeting scheduled with the charter schools in mid-August and would bring the funding to the schools attention in order to generate interest.

Senator Horsford wanted to confirm the allocation of $6.7 million for the Qualified School Construction Bond (QSCB) and $51 million for the Qualified Zone Academy Bond (QZAB). Mr. Wells replied that the $51 million was a direct allocation of the QSCB program funds to the Clark County School District. The QZAB allocation was $2.7 million. He stated that page 306, Exhibit A, displayed Clark County's allocation of $51,414,000, which was the direct allocation to the 100 largest and poorest school districts in the country of the QZAB program funds.

Senator Horsford said there were different allocations of funding; the state allocation for the QSCB; the state allocation for the QZAB; and the direct allocation of $51.4 million for school construction, which in Nevada went to the Clark County School District. The $51.4 million went directly to the Clark County School District, which did not have a match requirement and he wondered if Clark County had to account for how the funds were spent.

Mr. Wells stated the federal government issued funding details of the bonds at www.doe.nv.gov/recovery. He stated that San Diego, California, issues bonds under the program, so there was a mechanism for the funding, but there was no match requirement and as soon as the districts identified the projects the bonds were issued like general debt.

Jeff Weiler, Chief Financial Officer, Clark County School District, stated that the QSCB funding allocation was borrowing authority to issue bonds, and for Clark County it was a direct allocation of $104 million over two years; $51 million the first year, and approximately $53 million in the second year. He reiterated the funding was interest free and the investors were provided tax credits, which the county had to repay. He added that if the $104 million was issued, the Clark County School District would save $60 million in interest costs compared to funding issued as regular general obligation bonds.

Senator Horsford asked if the Clark County School District had a plan to expend the money based on the direct allocation. Mr. Weiler replied that Clark County School District was developing a plan and the first step was going to the Clark County Debt Management Commission to get authority and then the Bond Oversight Committee and the School Board in September or October to get authority to even issue the bond. In addition, he noted there was a list of unfunded projects, which was where the school district was starting.

Senator Horsford asked if there was a process to identify the districts in the state that had construction or renovation needs so the funding could be allocated to those districts.

Mr. Wells replied that the state allocates the authority to the remaining 16 school districts. Because the bonds were debt, the districts were required to obtain board and county approval. Mr. Wells stated that Clark County was excluded from the $6.7 million; however, the county was eligible to participate for the $2.7 million for QZAB.

Senator Horsford reiterated that eligibility for the QZAB was at least 35 percent or more of free or reduced-cost lunch students or located in an Empowerment Zone or Enterprise Community. He noted there was only one community that had an Enterprise District boundary, which was in southern Nevada.

In response to Assemblyman Goicoechea's question, Mr. Wells stated that the QSCB program does not have the requirement of 35 percent free or reduced-cost lunch student count, rather, was based on school district need.

Dr. Walt Rulffes, Superintendent, Clark County School District, began his presentation by publicly thanking the Legislature on behalf of the students and superintendents of the state for the difficulties they faced during the 2009 Session in helping K-12 education. He noted that many of the things he planned to present at the meeting were already discussed by Dr. Rheault and Mr. Wells. He asked the Chair if she wanted him to review just the major points of his PowerPoint presentation or present the longer version.

Chairwoman Smith commented that the Subcommittee was specifically interested in how the districts chose to spend the special education direct allocation and Title I funds, because it appeared that some innovation and creativity was being anticipated from the federal government.

Dr. Rulffes directed the Subcommittee to page 8 of the Clark County School District's PowerPoint presentation (Exhibit E), ARRA Funding, Title I. He stated that the Title I and IDEA funding was under the administration of Charlene Green, Deputy Superintendent for Student Services, Clark County School District.

Charlene Green, Deputy Superintendent for Student Services, Clark County School District, began her presentation by stating deliberate and careful planning was considered when looking at the Title I and IDEA funds. She stated that Dr. Rulffes conducted a meeting in the community to discuss the Title I funds and how the funds could be best utilized. In addition, Dr. Rulffes met with parents, principals and other members of administration to discuss whether it was beneficial for the school districts to ask Title I eligible but not served schools if they were willing to become Title I schools for two years, which is when the one-time ARRA funding would expire. She noted that a majority of the principals and community members the superintendent spoke with were willing to take the funding for two years to see if they could turn around their schools. As a result of the interest, the district increased the number of Title I schools by 68 schools. Ms. Green said the Title I schools expanded by 41 elementary, 19 middle and 8 high schools. In addition, the Title I funding established 20 more pre-kindergarten programs across the district. Ms. Green said that currently the Clark County School District had a total of 151 Title I schools.

Continuing, Ms. Green indicated that every Title I budget requires specific set-aside funds, so 31 percent of the Title I ARRA comes off the top for set-asides for school choice, supplemental education services, parent involvement, highly qualified teachers and staff development. In addition, a portion of the Title I funding is allocated to private schools.

Ms. Green said every school determined how the funds were used with input from parents and the school improvement teams. Some of the money was used to increase the staffing so classroom size could be decreased. In addition, the ARRA Title I funds allowed additional personnel at the schools, which included 132 teachers, 82 school-based support staff, which were extra classroom assistants and parent helpers, and 23 temporary staff. Ms. Green said a bigger issue for the ARRA funding was the number of highly qualified staff in every Title I school. Because new Title I schools were added, every staff member had to be highly qualified in the Title I schools, which meant teachers, classroom assistants and every person working in the school had to meet the standard of highly qualified. She said that some of the staff development funds went to offering courses to ensure the teaching staff and classroom assistants were highly qualified. Because there was a differential in the number of classroom assistants in the districts, highly qualified staff had 48 hours above a high school diploma and were on a different pay scale, so the ARRA funds would help the districts pay the higher wages for staff to become highly qualified.

Senator Horsford said based on what he heard from the districts regarding the state equity plan dealing with highly qualified teachers and their placement particularly in low-income, high-minority community schools, it was not just the pay that helped place the teachers at the schools, there was a process whereby the Title I schools were eligible first. However, once the school district made an offer to the teacher and the teacher still wanted to go to another school, the teachers do not get placed at that Title I school. He wondered if this issue was being addressed as part of the additional personnel being appointed by the district.

Ms. Green replied that because of the highly qualified teacher status, the Human Resources Department for the school district worked hard to implement a process where the first choice for teachers were Title I schools. She noted that the district did not have the option of not putting highly qualified teachers in the Title I schools. In the event that a teacher in a Title I school was not highly qualified at that time, the district offered a way to help the teacher become highly qualified. She believed that no teacher in the Clark County School District would be hired if they were not highly qualified, which gave the district more options to place teachers in the Title I schools.

Senator Horsford responded that was not the way it was happening and not consistent with what Ms. Green explained. When he looked at the individual Title I schools and the percentage, particularly in his district, it was not commensurate with the state average, and there was a turnover of teachers.

Continuing with her presentation, Ms. Green said a portion of the Title I funds ($151,981) went to the Neglected and Delinquent Program for young people in the youth correctional system. In addition, the Title I, HOPE program received $82,024 for use to increase achievement of homeless students, which included tutoring, counseling services, food and clothing, respite centers and after-school programs to meet the needs of the homeless children. Ms. Green noted that over the last year, the homeless population has increased by 2,000 students and continued to grow and the district needed other options for that population of students.

Moving to page 17, Exhibit E, Ms. Green said the district received $1,748,092 in ARRA IDEA funds. The funds had to be consistent with the current IDEA rules and regulations and could only be spent on programs that served students with disabilities. She noted that the largest portion of the IDEA funds went to program improvements to meet national accreditation for the early childhood programs. In addition, the funds allowed for the purchase of assistive technology and to track the progress made by early childhood students and for professional development.

Ms. Green explained the regular ARRA funding was used in areas where it was very purposeful, so the district looked at the supplemental instructional programs to determine where the students showed the most progress. She said the majority of the instructional money went to expand those programs to a larger number of schools. Ms. Green said one of the criteria of the ARRA funding was to show immediate results, accountability, and how the funding made a difference in student instruction. She said the programs the district chose were effective programs that showed student progress over a short period of time to help children become successful. In addition, the district worked with the universities in developing a grow-your-own program to fill the special education teacher vacancies. Every year Clark County started out with approximately 200 vacancies in special education and it was hard to hire certified teachers, which was a problem all across the country. The district was working with the University of Nevada, Las Vegas, to produce teachers that could go into those classrooms with a dual accredited license in bilingual and special education. In addition, Clark County was working with another university to fill the 50 vacancies in the district's autism program, which was a great need for Clark County.

Chairwoman Smith asked how many Clark County district positions were saved as a result of the ARRA stimulus funding.

Replying to the Chair, Ms. Green said when the district had their first budget cuts there were 12 to 13 teachers that lost their positions, and except for 2 positions, all the 13 teachers were brought back due to natural attrition. The ARRA funds added 135 teaching positions to the schools that wanted to reduce classroom size, in addition to support staff, so support staff that may have been cut during the budget cuts were restored.

Mr. Weiler interjected that Clark County received $82 million in the SFSF in the last two months of fiscal year 2009, and the May and June DSA payments were partially funded by that. He said it was difficult to know what the state would have done without the funding, but $82 million was approximately 1,100 educational personnel. If Clark County had to cut its budget, an additional $82 million would equate to 1,100 staff positions. Further, there would be a significant number of staffing reductions in addition to the original cuts made by the district if Clark County did not receive the ARRA funding.

Kristen McNeill, Director of State and Federal Programs, Washoe County School District, introduced herself and Scott Reynolds, Assistant Superintendent of Student Support Services, Chad Hicks, Title I Coordinator, and Joe Elcano, Coordinator for Educational Technology. She thanked the Subcommittee for allowing her to present Washoe County School District's plan for the ARRA funding. Ms. McNeill directed the Subcommittee to the handout, ARRA Plan for Washoe County School District, (Exhibit F), and stated the presentation was similar to the one used in the districts parent informational meetings and she thought it was important for the Subcommittee to see what the district communicated to the community. Ms. McNeill said the district followed guidance by the U.S. Department of Education, as well as Nevada State Department of Education, in addition to input from many stakeholders for the programs.

Continuing, Ms. McNeill noted there were four basic ARRA principles: 1) Spend funds quickly to save and create jobs; 2) Improve student achievement through school improvement and reform; 3) Ensure transparency, reporting and accountability; and 4) Invest one-time ARRA funds thoughtfully to minimize the "funding cliff". There were two major categories of ARRA funds: 1) Title I, IDEA and Education Technology, and 2) State Fiscal Stabilization Fund.

Commenting further, Ms. McNeill again referenced Exhibit F, and said there were two years of ARRA funding, FY 2009-10 and FY 2010-11, all funds were subject to rigorous reporting requirements, and programs were currently operating in the Washoe County School District. In addition, several community input meetings for the districts regarding the use of ARRA funds had been held. Washoe County School District's Title I ARRA allocation totaled $6,156,227; four percent was set aside for school improvement and all funds must be obligated by September 30, 2011. In addition, the district was expecting other Title I monies, which included flat funding for the regular allocation and for Title I (g) in need of improvement schools.

Ms. McNeill outlined the programs put together by the Washoe County School District following the federal guidance, which included input from stakeholders, principals, teachers, parents and district representation. Currently the programs were:

- Parent program – 30-day program at three high schools – Wooster High, Hug High School and Sparks High School, which was an intergenerational program and includes English as a Second Language classes for parents, as well as summer school for school-aged students.
- Home visit pilot program partnered through PIRC Grant.
- Non-public school equitable services.
- Early Childhood – funded five classified positions.
- Homeless Support – hourly tutoring for homeless students.
- $75 was allocated per pupil for all Title I schools.
- Funds were set aside for schools and restructuring – currently two schools are restructuring in Washoe County.
- Hired a secondary intervention dropout prevention specialist for three secondary schools – Hug High School, Trainer Middle School and Vaughn Middle School.
- Add one elementary Title I eligible but previously not served school – Bennett Elementary.
- Expecting a waiver for Supplemental Education Services/Choice.

Chairwoman Smith inquired if the Washoe County School District increased the number of Title I schools or just added more resources to the current Title I schools.

Chad Hicks, Title I Coordinator, Washoe County School District, replied that the district increased the Title I schools by one, Bennett Elementary School, which was the next school on the list based on the free and reduced-cost lunch count. He added that school was not Title I, A basic funded, but ARRA funded.

Chairwoman Smith questioned if any positions or programs created as a result of the ARRA stimulus funding were previously funded through Senate Bill 404 (2005) funds. She was aware of the parent involvement program at the high schools and that funding was not renewed, so she wondered if any of those positions or programs were replaced by Title I ARRA funding.

Ms. McNeill replied that page 7, Exhibit F, displayed the three Title I options given to the schools. She said that many of the positions funded through the State Remediation Trust Fund were saved through the Title I intervention teachers for one year and currently 22.5 of the positions were filled. In addition, the district was able to offer $5,000 per year for two years at each Title I school to be used exclusively for professional development. Also, extended day/daily intervention was given at each Title I school for one year.

Ms. McNeill moved to the IDEA ARRA allocations for the Washoe County School District. She said the basic allocation was $10 million; early childhood was allocated $360,000, and the same reporting/monitoring applied as Title I ARRA funds, and all funds must be obligated by September 30, 2011.

Continuing, Ms. McNeill said there was community input meetings for the IDEA funds, which included a town hall budget meeting, student support leadership meetings and posting of the local plan on June 15, 2009.

Scott Reynolds, Assistant Superintendent for Special Education, Student Support Services, Washoe County School District, began his presentation by stating the targets for the ARRA funding provided substantial support to the Washoe County School District. He said the funds targeted salary and benefits and there were significant roll-up costs that made a difference for the district with the funds. In addition, the district targeted the social intervention program, which was a self-contained program for students with emotional and behavioral needs. Mr. Reynolds said the district was able to provide additional positions for guidance counselor support and inclusive practices to ensure schools continued to look at strategies to make certain all students were able to benefit from the inclusive practice process, so students could be educated closest to the general education classroom. The ARRA IDEA funding allowed the district to expand its data collection through electronic IEP processes, which has taken the district into leaps and bounds to support the data.

Mr. Reynolds said that looking at urban leadership collaborative he was aware more needed to happen in terms of professional development in Washoe County on how site-based administration was supported, as well as central office support. Positive behavioral supports and behavioral intervention support within the schools were targeted and focused a large degree through assisted technology and what the districts could do to equal the playing field for those students with disabilities. Mr. Reynolds stated that early childhood intervention focused on materials, professional development, as well as assessment materials to support those classrooms. Important to Washoe County School District was the fact that the district was able to reduce the General Fund obligation, and $5 million of the $10 million went to continue the support previously provided through funding approved for the Remediation Trust Fund. Those areas included early intervention specialists, transition specialists, five teacher mentors, response to intervention coordinator, school improvement coordinator, and additional dollars for students struggling with mental health issues to bridge the gap for mental health services as the students were transitioning to outside agencies. Mental health services to students included the mobile assessment response program, which were General Fund dollars that the district could sustain the improvement efforts as a system by now utilizing ARRA funds.

Ms. McNeill said that Dr. Rheault and Mr. Wells discussed the SFSF earlier in the meeting, but she echoed what Clark County reported that the number of positions would have greatly decreased without the ARRA funds.

Joe Elcano, Director, Educational Technology, Washoe County School District, said that thanks to the leadership of Clark County, the district was able to put a consortium of all 17 school districts together to apply for the funds for educational technology, including the University of Nevada, Reno and Las Vegas, which created a great "home grown" project that reached different entities. He said a professional development model was created and teachers that participate had to complete 12 credits of certification in professional development on millennial learners/21st century skills to reach the students coming into the classrooms with a different set of skills. The teachers were given the tools they needed to reach the students, which included laptop computers, mobile technology, and LCD projectors to share the technology with students and make a difference in student test scores and student engagement.

Ms. McNeill informed the Subcommittee that Washoe County School District also applied for two other ARRA grants. One grant funding had already been received through the U.S. Department of Agriculture for $325,000, and the county purchased a central kitchen chiller, as well as a delivery truck. The school district did not receive the second grant award from the COPS Hiring Recovery Program; however, the district was still waiting word on the COPS Secure Our Schools program.

Referring to page 13 and 14, Exhibit F, Ms. McNeill said these pages displayed how some of the funds were currently being expended through the summer literacy program and showed pictures of parents working in the EDL classrooms at Hug High School.

Chairwoman Smith asked if any of schools enjoyed the benefit of the summer employment program that the Subcommittee heard about earlier from DETR. Ms. McNeill replied that she did not have the answer but could provide it to the Subcommittee.

C. PRESENTATION ON INFORMATION AVAILABLE ONLINE AT THE STATE OF NEVADA'S WEBSITE (www.nv.gov) CONCERNING AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING.

Andrew Clinger, Director, Department of Administration, directed the Subcommittee to the handout, Nevada Information Related to the American Recovery and Reinvestment Act of 2009, (Exhibit G). The first page of the handout displayed what was shown on the state's ARRA homepage, www.nv.gov/recovery, which included a pie chart that breaks down the allocation of funds by the different departments. Mr. Clinger added that there were funds outside of the ARRA that flow directly to the local entities and to other non-governmental and non-profits agencies. He noted a detailed listing of the grant awards showing CFDA number, the federal department or agency, description of the program, and the amount allocated under that federal grant could be viewed by clinking on the link at the bottom of the page. Each link led to the homepage for each state agency showing detailed information and a description of the projects expended with federal stimulus funds.

Chairwoman Smith had concerns with the different funding websites and wanted to ensure what was posted on each agency's website was in-line, consistent, accurate and carried over to the state's main website. In addition, she noted that Nevada's ARRA website was ranked poorly by different groups and wondered what was being done to improve Nevada's ranking.

Mr. Clinger replied that was part of the request for the ARRA coordinator position discussed at the previous Interim Finance Committee meeting. He stated that administration envisioned the duties of the ARRA coordinator to look at the information on the different websites to ensure the information was accurate, to see what was missing, and to view the rankings and how other states were performing to help improve Nevada's ranking. Also, included was the information technology request to better develop the website to perform those functions.

Chairwoman Smith asked Mr. Clinger if the areas of weakness in the state's website was in the content, design, or ease of navigating throughout the system. Mr. Clinger said the latest report was regarding the request for the allocation of the contingency funds that were approved to go to the Controller's Office. He stated the goal of the state was to link the information from the different websites and he presumed that was how the Controller would put it together.

Chairwoman Smith asked if there was a separate specific IT allocation. Mr. Clinger replied there was a separate IT allocation and assumed it went to the Controller's Office as well.

Chairwoman Smith commented there was an entire division in the state devoted to IT functions and she hoped the divisions could work together to make the websites as good as possible.

Mr. Clinger explained that Nevada was ranked 34 for all states in the latest report. He said there were various categories in the ranking system to rate states and one major category included allocation of funds by program. Each state could receive 10 points for having narrow and broad categories, and Nevada received 5 points for having broad categories. In addition, there were 15 points possible in the ranking system for allocations by geography. Currently, Nevada did not track allocations by geography, which was part of the IT request. He noted that part of that category was allocations compared to economic need – looking at the unemployment numbers, foreclosure numbers, poverty ranking in the counties receiving allocations under the ARRA, which Nevada received a zero for that portion of the category. Continuing, Mr. Clinger said that mapping of individual projects was another category, which included locations of individual projects and the mapping of those projects. Mr. Clinger noted that overall the state received a zero in that category; however, the NDOT's website actually mapped the individual projects, so NDOT received the full 5 points specifically for the transportation component of that category.

Concluding his presentation, Mr. Clinger said Nevada received zero points in the projects/grant details category. For that category, the federal government looked for a description of the projects and related contracts, contract award data, dollar amount, contractor name, actual text of the RFP, jobs data, project status, and the duration of the projects towards completion. Another category in which Nevada received 10 points was for centralization of all project data on a main ARRA site, or clearly linked to state agency sites.

Mr. Clinger noted the final category was currency of information, project data one month old or less was worth 5 points, or project data more than a month old received 3 points. Mr. Clinger said Nevada received zero in that category because the state's website did not indicate the currency of the information; however, the website currently has that information which would change the rankings at this point.

D. REVIEW OF FEDERAL REPORTING REQUIREMENTS ON THE USE OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING.

Chairwoman Smith said that due to the length of the meeting and prior commitments for Subcommittee members, she was willing to move Agenda Item D, Review of the Federal Reporting Requirements on the Use of American Recovery and Reinvestment Act Funding to the next meeting agenda. The Subcommittee members present were in agreement with Chairwoman Smith.

E. DIRECTIONS TO STAFF ON FUTURE MEETING DATES AND INFORMATION TO BE REVIEWED AT FUTURE SUBCOMMITTEE MEETINGS.

Chairwoman Smith assumed the Subcommittee's work would be most effective if a majority of the effort was done up front as they were building the process of federal stimulus oversight. She wanted to meet again in September and asked the Subcommittee to inform her and staff of the subjects and topics they would like considered at future meetings. She stated there were so many different levels of the ARRA funding and she assumed the Subcommittee wanted to focus on some of the larger areas like Nevada Department of Transportation. In conclusion, Chairwoman Smith said staff would be in touch with the Subcommittee to set a meeting date that would work for everyone. She said the meeting today gave the Subcommittee a good overview of where the state was currently and the possibilities available with the ARRA funding.

F. PUBLIC COMMENT.

Chairwoman Smith asked if anyone from the general public wanted to make comments.

Ray Bouknight, Associate Director of Legislative Affairs, Nevada Cancer Institute, wanted to take the opportunity to demonstrate to the Subcommittee the active pursuit of the Nevada Cancer Institute to bring in federal stimulus funds to Nevada. He noted that to date, the Nevada Cancer Institute submitted over 20 grant applications and was awarded notices on two of the grants. He believed it was excellent start to bringing federal stimulus funds to Nevada's cancer patients and hoped to continue to receive award notices. Mr. Bouknight said he would be happy to keep the Subcommittee informed on the Nevada Cancer Institute's progress and of the award notices received. In conclusion, Mr. Bouknight hoped the Subcommittee would consider the Nevada Cancer Institute as they plan and monitored the use of Nevada's federal stimulus funds. He thanked the Chairwoman for allowing him to share the victories of the Nevada Cancer Institute during the current challenging economy.

Chairwoman Smith thanked Mr. Bouknight for sharing that information with the Subcommittee which she believed was very helpful. She added that the Subcommittee would appreciate having him communicate with staff on any grant awards received.

G. ADJOURNMENT.

Chairwoman Smith adjourned the meeting at 5:17 p.m.

Respectfully submitted,

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Donna Thomas, Committee Secretary

APPROVED:

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Assemblywoman Debbie Smith, Chairwoman

Date:__________________________

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