

MINUTES OF THE  
INTERIM FINANCE COMMITTEE'S  
SUBCOMMITTEE FOR FEDERAL STIMULUS OVERSIGHT  
(A.C.R. 34, 2009 SESSION)  
September 24, 2009

The second meeting of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight (A.C.R. 34) was held on September 24, 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  
Assemblywoman Sheila Leslie  
Senator William J. Raggio  
Senator Bernice Mathews

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Assemblyman Kelvin Atkinson  
Senator Shirley Breeden  
Senator Steven Horsford  
Senator Michael Schneider  
Assemblyman Joseph Hardy

**COMMITTEE MEMBERS ABSENT:**

Senator Randolph Townsend

**STAFF MEMBERS PRESENT IN CARSON CITY:**

Gary Ghigeri, Senate Fiscal Analyst, Fiscal Analysis Division  
Mark Stevens, Assembly 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

**EXHIBITS:**

[Exhibit A:](#) Agenda and Meeting Packet  
[Exhibit B:](#) Attendance Record  
[Exhibit C:](#) American Recovery and Reinvestment Act (ARRA) Funding Update –  
Department of Employment, Training and Rehabilitation

- [Exhibit D](#): Status Report on 2009 ARRA Funding – Department of Conservation and Natural Resources – Division of Environmental Protection
- [Exhibit E](#): Economic Recovery: What Women Need to Know – Nevada Women’s Lobby

A. ROLL CALL

The meeting of the Interim Finance Committee’s Subcommittee for Federal Stimulus Oversight was called to order by Chairwoman Smith at 9:32 a.m. The secretary called roll; all members were present except for Senator Townsend, who was excused.

B. APPROVAL OF MINUTES OF THE AUGUST 3, 2009, MEETING.

Chairwoman Smith asked the Subcommittee for approval of the minutes of the meeting held on August 3, 2009.

Senator Raggio had a correction to the minutes on page 7, ([Exhibit A](#)). The minutes stated that Nevada was well poised going into the recession and had the 19<sup>th</sup> strongest trust fund in the county, which he believed should reflect country.

SENATOR RAGGIO MOVED FOR APPROVAL OF THE MINUTES OF THE AUGUST 3, 2009, MEETING, AS AMENDED.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

C. PRESENTATION CONCERNING THE ACTIVITIES AND RESPONSIBILITIES OF THE NEVADA STATE AMERICAN RECOVERY AND REINVESTMENT ACT DIRECTOR.

Chairwoman Smith welcomed everyone to the second meeting of the Interim Finance Committee’s Subcommittee for Federal Stimulus Oversight. She noted the interest of the Subcommittee was to look at the large sums of federal stimulus funds coming into the state and monitor how the money was helping the citizens of the state, how jobs were being created to help the unemployed citizens return to work, and how the money was being utilized in a way that was transparent to everyone. In addition, the Subcommittee would hear discussions on the accountability and reporting requirements of the federal stimulus funds. Chairwoman Smith appreciated the work of staff in preparing the Subcommittee for the meeting.

Chairwoman Smith asked Assemblyman Conklin, who was attending the meeting in Las Vegas, to help her manage the meeting by informing her of the speakers in Las Vegas.

Chairwoman Smith welcomed Charles Harvey, State Director, American Recovery and Reinvestment Act (ARRA). She noted that Mr. Harvey had to leave the meeting early to participate in a conference call with Vice President Joe Biden and other state ARRA directors to discuss the ARRA funding and stimulus related issues.

Charles Harvey, State Director, ARRA, began his presentation by stating that he had recently met with agency representatives to become familiar with the current ARRA projects and to confirm that every agency in the state was properly registered with the federal government. Mr. Harvey noted that his focus during the past week was on the 1512 federal reporting requirements, which began on October 1 and ended October 10. Mr. Harvey requested and received verbal confirmation from the agencies that they were ready to provide their quarterly 1512 reporting data to the federal government. He indicated this was the first reporting deadline and was a top priority and critical to ensure the state was in full compliance with the reporting requirements. Mr. Harvey stated that the quarterly report would include funding received, money obligated and the jobs created or retained as a result of the federal stimulus funding. At the last Subcommittee meeting, Mr. Harvey said a request was made for a review of the ARRA-funded programs for the State Energy Office, Department of Employment, Training and Rehabilitation (DETR), Department of Transportation (DOT), and Department of Conservation and Natural Resources (DCNR). Mr. Harvey indicated that representatives from those departments would be presenting reviews of the ARRA funded requirements later in the meeting. To ensure every grant award had a solid internal tracking mechanism, Mr. Harvey said he met with the Department of Administration to develop a more comprehensive internal reporting product for the ARRA grants and funding received by the state. The format being developed would result in the capability of generating a wider range of reports. For example, Mr. Harvey noted that reports could be generated by itemizing current funding programs by grantor, receiving agency, number of jobs created, or by total dollar amount of grants received by agency. Mr. Harvey explained there were numerous possibilities for the types of reports that could be generated, which would be a useful tool for better tracking of the progress and success of the state's stimulus program.

Continuing, Mr. Harvey said that Nevada had an ARRA website displaying current information on the funding allocations. A web development team was established and meetings were held with the state website consultant to begin the revamping and enhancement of the state's ARRA website. Mr. Harvey expressed his intent to have a website that the state could be proud of. He envisioned a useful and informational website that provided unprecedented accountability and transparency for governmental agencies and the public, which was critical in order for the stimulus activities to result in long-term growth and viability for the state. To better monitor and coordinate activities at the agency or department level, Mr. Harvey began the coordination of an accountability committee comprised of representatives from each state agency receiving ARRA funding. The accountability officers would be responsible for ensuring their departments or agencies were receiving current grant and funding information, applying for the appropriate grants, and meeting all spending and reporting

requirements of the federal government. Mr. Harvey said he would meet with the accountability committee on a bi-weekly basis to provide guidance and receive updates on the ARRA reporting process.

Concluding his presentation, Mr. Harvey informed the Subcommittee he was committed to ensuring the state received every grant and funding opportunity available and maintained compliance with federal guidelines so future funding opportunities were not jeopardized. On a national level, Mr. Harvey stated that he participated in a weekly conference call with federal and other state ARRA representatives to discuss stimulus funding and reporting guidelines. He reiterated that he had a conference call with Vice President Joe Biden, Governor Jim Gibbons and other state ARRA directors to discuss stimulus related issues, but would return after the conference call. He apologized for the inconvenience; however, he said that Lynn Hettrick, Deputy Chief of Staff, Governor's Office, was present to provide additional information if needed.

Chairwoman Smith thanked Mr. Harvey for his presentation. She asked Mr. Harvey if he had information on the ARRA reporting website or would it be addressed later in the meeting. Mr. Harvey responded that Andrew Clinger, Director, Department of Administration, would address the issue of the ARRA website later in the meeting.

Assemblyman Conklin asked if there was a suitable tracking mechanism in place to ensure the state was meeting the targeted timelines and funding was on the streets as soon as it was received. He believed that creating jobs was critical given the current economic circumstances of the state and the unemployment numbers.

Mr. Harvey replied that the tracking of the ARRA funding was one of his top priorities. He met daily with the different agencies and accountability officers to develop a better tracking mechanism to ensure federal deadlines were met.

Chairwoman Smith commented that she received phone calls from business groups with concerns of whether the state was meeting the federal deadlines and the struggles they had with return phone calls. She asked Mr. Harvey if the central point of contact was his office, and if so, could he provide the phone number, e-mail address and the point of contact for people with these types of concerns. Mr. Harvey replied that his office, Office of the Governor, was the central point of contact and his direct phone number is 702-486-6811. In addition, his executive assistant is Emily Nunez, and her phone number is 775-684-7166.

Chairwoman Smith noted at the last Subcommittee meeting there was discussion about providing all the previous and current ARRA grant applications and awards to the Fiscal Analysis Division to help staff with the details in the applications and to track the information and prepare for the meetings.

Turning to another topic, Chairwoman Smith asked about the relationship with the Controller's Office. She understood the single audit issue still connects to the ARRA

and wanted to ensure the state was on track and things were smoothing out there. Mr. Harvey replied that his intention was to work closely and collaboratively with the Controller's Office. He added they would be meeting on Tuesday, September 29, 2009, to discuss roles and responsibilities and come to an understanding of how to collaborate more efficiently.

Senator Raggio asked Mr. Harvey if he had information on the grant team that DETR was compiling that looked for specific renewable energy and reentry grants. Mr. Harvey replied that DETR would respond later in the meeting to Senator Raggio's concern regarding the renewable and reentry grant team.

Chairwoman Smith said there seemed to be intense interest in the renewable and energy grants and believed as much public outreach as possible would be helpful. She thought reaching out to various trade associations and business groups working on this issue would be beneficial to ensure those groups had current information on the ARRA grants available. Chairwoman Smith would provide Mr. Harvey the name of the particular group that contacted her with concerns of whether the state was meeting the deadlines and how it would affect their business representatives.

Chairwoman Smith thanked Mr. Harvey for his presentation and looked forward to hearing about his conference call and how Nevada could benefit from the things other states were doing with the ARRA funding.

#### D.1. REVIEW OF AMERICAN RECOVERY AND REINVESTMENT ACTS FUNDS ADMINISTERED BY:

##### State Office of Energy

James Brandmueller, Energy Program Manager, Nevada State Office of Energy, referred the Subcommittee to page 35 of the meeting packet ([Exhibit A](#)). He noted that he put the information together for the packet last week and would update the Subcommittee on any current issues. He indicated that a solar energy project for the Henderson DMV office was added, which was identified by State Public Works Board (SPWB) as one of the most energy inefficient buildings in the state of Nevada. In addition, the Office of Energy was making progress in prioritizing and developing engineering studies with SPWB on various buildings in order to get maximum savings and improve energy efficiency in each of those of buildings as they move forward with spending the ARRA funding. Mr. Brandmueller said one issue he wanted to preemptively address was the fact that the public relations campaign was ahead of most of the grants, and in fact, there was a newspaper article concerning a grant that was not even due for application. Recently, Mr. Brandmueller and representatives from state government met with a representative from the Department of Energy (DOE) to go over each part of the program plans and to offer helpful suggestions and address concerns that existed on some of items proposed by the Office of Energy that were recommended by the DOE. He noted that DOE was backing off on some of their original

recommendations and the Office of Energy had to revisit some of the proposed projects. Mr. Brandmueller indicated the Office of Energy was moving forward with the projects and its intent was to have the preponderance of the money through the system as fast as possible. He noted the money was required to be on the streets within the next four to five months. Mr. Brandmueller stated he would be conducting workshops with various sub-applicant groups, primarily the school districts, cities and counties that were under a grant. Additional public workshops would be held to inform people of the status of the projects and how they could participate and be informed of the policies and procedures. All of the sub-work would be dealt with through State Purchasing and entities were being referred to State Purchasing to ensure they were registered with the federal government and receiving the announcements coming through that office.

Senator Raggio referred to the report in the meeting packet, page 35, [Exhibit A](#), and questioned the \$34,714,000 award to the ARRA State Energy Program and particularly the solar energy project approved for the Legislative Building. He wondered what was included in that project and the status of the engineering process. Mr. Brandmueller replied a nomination process was established over the summer to deal with these issues, which was prior to his employment. Requests were made of every state agency to nominate buildings throughout Nevada for a solar energy project, including the Legislative Counsel Bureau (LCB), Office of Veterans' Services, and the Nevada System of Higher Education (NSHE). He indicated the nomination from the Director of the LCB was for installation of a photovoltaic (PV) array project for the roof of the building. Mr. Brandmueller said he recently met with LCB staff regarding the request and staff indicated they were looking at a 30 kilowatt array. Preliminary studies and engineering were being done and as soon as the engineering was complete, the Office of Energy would immediately process the request so Legislative Counsel Bureau staff could bid the job and install the array. Mr. Brandmueller said it was similar to the photovoltaic array on the State Printing Office.

Senator Raggio asked if the PV array was designed to cut utility costs and the anticipated cost of the project. Mr. Brandmueller replied the PV project was designed to cut utility costs. He hoped LCB staff and SPWB would work jointly on the project to reduce the cost. Depending on the number of systems, he was told the maximum cost was \$300,000; however, the cost could possibly be lowered to \$250,000 to \$260,000 per array if projects were aggregated.

Senator Raggio questioned the progress of the Energy Efficiency Schools program. Mr. Brandmueller apologized on behalf of his predecessors, who had been dealing with the issue. He believed the schools and other entities had been strung along because they were asked for "shovel-ready" projects in January 2009, and the funds were not even received by the state until July 2009. He understood the frustration of the people.

Senator Raggio asked if the \$35 million grant for the energy retrofitting of schools was awarded. Mr. Brandmueller responded that the state received notice from the federal government on September 20, 2009, that the grant was amended. Previously, the grant was awarded in incremental portions, which the federal government rescinded and

awarded the entire grant. However, the state would still have to hit certain increments along the way in progress of the grant. Mr. Brandmueller said the school districts were invited to participate in the workshops and were working on interlocal agreements. As soon as the Office of Energy received the information from the workshops, it would provide the data needed to get the process moving.

Senator Raggio commented there would be workshops for the Energy Efficiency Schools program with the various districts, and then the districts would come up with requests or proposals to develop energy efficiency programs that could be funded from this source. He questioned the timeframe for the proposals and the amount that was dedicated for the energy retrofitting school programs. Mr. Brandmueller replied that the amount provided for the school energy efficiency programs was \$7.5 million; \$441,176 to each of Nevada's 17 school districts.

Senator Raggio said there was discussion at the last Subcommittee meeting regarding the distribution of funds for energy retrofitting projects and how the smaller school districts would use the \$441,176 allocated for those projects. In addition, he asked if the method of the energy retrofitting allocation being an equal distribution was a federal requirement.

Mr. Brandmueller was uncertain if the allocations were a federal requirement. He indicated that the allocations predated his employment with the Office of Energy. He believed there was an issue of equity, which was resolved because most of the schools in Washoe County, Clark County and Carson City were newer and more energy efficient. There were schools in rural Nevada with old boiler systems, so the energy savings would probably out distance all the other schools if the replacement of those old systems was proposed.

Senator Raggio commented that he would like to see the funding allocations used in a cost effective manner no matter what projects the funds were used for. He believed the Subcommittee should be aware if there was a federal requirement that would dictate otherwise.

Moving to another issue, Senator Raggio asked about the \$2.5 million proposed federal appliance rebate program. He was aware the final work plan was due October 15, 2009, and questioned the criteria for qualifying for the ARRA rebate program. Mr. Brandmueller replied that the specifics for the appliance rebate program were not complete. Currently, the Office of Energy was working with a collaborative group, the Southwestern Energy Efficiency Project (SWEET), and they would be making recommendations at the end of next month that would be incorporated into that work plan. The requirements of the rebate program were that any appliances included in the program had to meet U.S. Environmental Protection Agency's Energy Star Program efficiency ratings. He believed at this point the recommendations would be going toward appliances that achieve the greatest energy savings.

Senator Raggio asked who would be eligible to apply for the appliance rebate program. Mr. Brandmueller said the rebate program would be available to every citizen in the state of Nevada. Part of the direction he received from the DOE, which some collaborative groups do not particularly like, was that the rebate program had to be available to every socio economic group, so they were not just replacing systems that cost \$3,000 to \$5,000, which would exclude people from participating in the program. He reiterated that the rebate program had to reach every citizen of the state.

Chairwoman Smith asked if the Energy Star appliance rebate program was on a first come first serve basis. Mr. Brandmueller believed the appliance rebate program was loosely based on what was previously done by the utility companies throughout the country. He indicated that the DOE was looking at nationwide programs to see what worked best. He noted that the appliance rebate program was on a first come first serve basis until the money was expended.

Chairwoman Smith asked Mr. Brandmueller the name of the group he was working with to develop the guidelines. In addition, she wondered if he was working with the retail association or similar groups. Mr. Brandmueller replied that he was working with the SWEEP to develop the guidelines. He added that SWEEP was part of a collaborative effort of utilities and environmental groups. Whatever direction was chosen, it had to ensure that every citizen was included in the program. He believed there were a couple of key market groups that chose not to participate or were not invited to participate, which pre-dated his employment, but he wanted to ensure input from every group.

Chairwoman Smith asked if part of guidelines included marketing to ensure all citizens were aware of the appliance rebate program. Mr. Brandmueller replied that plans were in the works for utility companies to send notices to customers in their bills regarding the appliance rebate program. Likewise, the utility companies would work with propane companies and other organizations, in addition to a multimedia campaign to bring attention to the program. He commented that there was a limited amount of administrative funds available and funds had to be matched. The Office of Energy was in the process of trying to identify the outside source of money since there was no money available in the state budget for administrative costs.

Chairwoman Smith asked Mr. Brandmueller when he envisioned the funding would be available for the appliance rebate program if the grant application was due October 1. Mr. Brandmueller responded that he was currently receiving the federal recommendations and the grant application was due October 15; however, he was hoping to beat the October 15 deadline by one week. He was recently advised that energy officials were doing everything possible to expedite these projects and hoped to hear from the DOE within 30 days.

Chairwoman Smith noted there would be sales tax dollars generated from the purchase of new energy efficient appliances. She asked if there were any discussion regarding the issue of disposal of old appliances. Chairwoman Smith said she has met recently



with neighborhood groups regarding the increases in disposal fees at landfills, and because of those increases, people were disposing of appliances and larger items in the desert. Mr. Brandmueller replied that the DOE could not require states to mandate recycling in the plan; however, the DOE has strongly urged recycling and believed it was an absolute. In previous refrigerator rebate programs, many people purchased energy-efficient refrigerators and then placed the old refrigerator in their garage; the energy saving program ended up costing additional energy because now there were two refrigerators in the household. Mr. Brandmueller noted that recycling was a critical part of the program and would be handled somehow through the program. Possibly, a delivery and pick-up type system and the old appliance would be dismantled and hazardous materials removed, or where appropriate, the appliances would be taken to a landfill when the materials in them did not make it effective to recycle.

Chairwoman Smith remarked that the Energy Star program was very encouraging, both on the environmental side and on the disposal side.

Assemblyman Hardy commented that a recycling permit was recently approved by the Southern Nevada Health District Board. He indicated the permit had stipulations to deal with appliance recycling and believed there could be an opportunity to recycle appliances in southern Nevada in a way not previously available.

Senator Mathews expressed concern regarding the issue of equity of the energy retrofitting funds for the schools and wanted the record to reflect that the district she represents, Washoe District 1, had no new schools and most schools were 50 years old presenting many energy conservation issues. She hoped the Office of Energy looked at the distribution of the funding across the state and the districts that would benefit the most from the funding. Senator Mathews hoped the Office of Energy did not assume that most of the older schools were located in the rural counties. She added that each school district could provide the age and location of the schools within their district; however, she believed the greatest proportion of older schools were located in her district.

Responding to Senator Mathews, Mr. Brandmueller said that he was in touch with those school districts and recently toured some of the schools. Currently, Washoe County School District was attempting to use some cutting-edge technology that the Office of Energy was hoping to fund. He would meet with DOE to look at the reality of some of the projects in those districts, because some projects may be in conflict with other federal programs, which could cause a delay in funding. Originally, the DOE encouraged the projects, but now were unsure whether those projects could be done in the timeframe set by the federal government. Mr. Brandmueller said one of his recommendations was to take that money and put it back into the schools program, most likely towards the two urban school districts to try to build some equity. He concurred with Senator Mathews, but indicated that he did not design the program and had to work with it as it exists.

Senator Mathews told Mr. Brandmueller that he accepted the job and there was no excuse that he did not design it. Senator Mathews requested that he look at the equity of the distribution of the funds, which were already designed, and do something about it. She realized he was new on the job and there was a learning curve, but telling her that he did not design it did not make her sleep any better.

Mr. Brandmueller replied that he did not make any excuses and accepted full responsibility and would deal with the matter.

Assemblyman Goicoechea wanted to ensure that all 17 school districts had the ability to apply for the energy retrofitting efficiency funds and bring forward a program as it pertained to their allocation of the funds. He represented the Pershing County School District and some schools in that district had holes in the roof, which the district could not repair because of the lack of funds. He believed there were needs in all districts in the state and hoped every district had the opportunity to bring forward a plan for their piece of the funding. Unfortunately, he was aware that some of the school districts could not meet the deadlines or come up with a plan and the money would be reallocated rather than lost. However, at least the smaller districts would have a chance to apply for some of the funding.

Senator Mathews concurred with Assemblyman Goicoechea. She did not want to do anything to jeopardize the funding for the rural counties, but believed that all districts in the state should have the opportunity to apply for the funding. She hoped the Office of Energy looked at distribution of the energy retrofitting funds to the school districts across the state.

Chairwoman Smith thought that there was an application deadline in early August for the school districts to apply for the energy efficient school funds; however, now she heard the school districts were still in the workshop phase. She asked Mr. Brandmueller to explain the application process to the Subcommittee.

Mr. Brandmueller explained that a letter was sent from the Office of Energy that was premature. As a result, only one school district applied for \$21 million of the energy efficiency school funds.

Chairwoman Smith expressed concern that only one school district out of the 17 districts responded to that request. She asked if the deadline was the second week in August.

Mr. Brandmueller reiterated that he only received one application based on the letter the Office of Energy mailed to the school districts. He indicated that the workshops would clarify the application process. The Office of Energy was working on inter-local agreements, which everyone determined would be the fastest way to get the money out. However, there would still be some lag in the funding because approval was needed

from the Board of Examiners, which he was informed would be expedited to the extent permitted by law.

Chairwoman Smith asked if the Office of Energy was starting the process over. Mr. Brandmueller said the Office of Energy was going to provide clarification to ensure the process worked. Chairwoman Smith asked if the money for the energy projects would be allocated to the school districts and each school would get their own bid. Mr. Brandmueller replied that the bidding would take place through State Purchasing and the districts were required to utilize State Purchasing vendors. The reason for utilizing State Purchasing was because of the federal reporting requirements under the ARRA funds to track the funding. He indicated that any vendor that received more than \$25,000 under ARRA was required to provide a lengthy list of data and the Office of Energy wanted to ensure the process was easy for the districts and the small entities receiving funds. He noted the school districts could get better prices if the projects were aggregated and it was easier to have State Purchasing deal with the reporting requirements rather than requiring cities, counties, and school districts to maintain a mammoth amount of data.

Chairwoman Smith asked Mr. Brandmueller if the state was able to give local preference in the bidding process since it was federal funding. Mr. Brandmueller understood that local preference was given to vendors. He indicated that one school district recommended aggregating purchases from individual schools to lower the prices.

Chairwoman Smith asked if the state tracked whether local contractors or bidders were used when purchasing items resulting in a local impact of jobs. Mr. Brandmueller replied that would be tracked through State Purchasing. He believed the process included preference for utilizing local entities when purchasing items.

Senator Schneider asked why the state wanted to install solar PV on the Henderson DMV office. He said the building was the most energy inefficient in the state and believed it would be wasting electricity to install the PV. Senator Schneider thought it would be better if weatherization and insulation was provided on the building before installing solar PV. Mr. Brandmueller replied that solar PV would immediately reduce the utility costs for that building; however, that building was not precluded as a candidate for the energy efficiency retrofits. He indicated that the Office of Energy would be revisiting the Henderson DMV building since it was identified as being the least efficient building in the state.

Senator Schneider said that Senate Bill 358 (2005 Session) was passed to reduce energy use in state buildings by 20 percent by the year 2015. He stated that the statute was enacted in 2005, and as far he knew nothing has been done and the state was not in compliance with the statute. Section 19 of Senate Bill 358 stated that a program needed to be established to track energy use in buildings owned by the state or

occupied by a state agency. He asked Mr. Brandmueller to follow up on that progress of that statute and provide the findings to the Subcommittee.

Mr. Brandmueller replied that he was familiar with Senate Bill 358. Part of the application process was to design programs that addressed that need since other funding opportunities were not available. Mr. Brandmueller said it was a priority and State Public Works Board was specifically looking at that statute to determine priorities and to utilize the federal funds to help meet the state mandate.

Senator Schneider emphasized that a more efficient use of the federal funds was to try other energy efficiency measures, such as weatherization and insulation before installing solar PV to buildings, which was more costly.

Senator Horsford questioned why the work programs that encompassed these and other projects were removed from the DOE website. He believed the public needed to have access to the DOE's plan. Mr. Brandmueller replied that he was unaware the programs were removed from the DOE website and he would immediately check into it. In a recent meeting with DOE representatives, Mr. Brandmueller said all the Office of Energy work programs were on the website. He said the DOE had concerns regarding the activities recommended and whether those projects could be complete in three years. Mr. Brandmueller said the plans were in place and approved by DOE.

Senator Horsford requested an update on the status of the \$9.0 million revolving loan program. Mr. Brandmueller replied that the revolving loan program was the topic of several recent meetings. Significant issues came into play and there was concern as to whether those types of programs could be established within the period of time with the money allocated to them. He believed there was a good possibility that the organization the Legislature helped establish for lease-purchase of state buildings would be a good candidate to receive those funds and establish a revolving fund to be utilized for continuing the work on state buildings the state did not have money for.

Senator Horsford said the revolving loan program was a legislative mandate under Assembly Bill 522. He wondered if the Office of Energy was moving forward in developing the regulations while working through the concerns of DOE. Senator Horsford said the plan was approved and the Office of Energy received the first 10 percent of the funding, and in some cases 40 percent. He understood there were questions around the implementation of the plan; however, the bill was adopted by the Legislature directing the Office of Energy to develop regulations and it was his understanding that was put on hold.

Mr. Brandmueller responded that the Office of Energy was moving forward with developing the regulations. He indicated that the DOE had concerns that the funds would not be expended with the 24-month period and the Office of Energy was addressing those concerns before moving forward on anything else.

Senator Horsford asked Mr. Brandmueller where the Office of Energy was in the development of the regulations. Mr. Brandmueller responded that the developing of the regulations was on hold pending determination as to whether or not the program could be implemented.

Senator Horsford stated that he asked Mr. Brandmueller earlier in the meeting whether the Office of Energy was moving forward in developing the regulations and his response was that they were. Now he was saying that process was on hold. Senator Horsford again asked why the development of the regulations was on hold. He stressed it was a state mandate under Assembly Bill 522 and not in conflict with federal law.

Mr. Brandmueller replied that whether or not the Office of Energy could expend the funds within the 24-month period needed to be determined in order to establish whether that grant program was the only issue that Office of Energy was dealing with at this point. The Office of Energy would move forward with the regulations if the program could be implemented. In addition, it was stressed to the Office of Energy and to other individuals throughout state government that if the Office of Energy was not able to implement the program, the state could end up owing the federal government money, so they had to be absolutely certain the program could be fully implemented before continuing.

Senator Horsford understood the concern the Office of Energy of whether it could meet the deadlines of the program; however, the longer it waited to implement the program the less likely it would be to meet the 24-month requirement. He believed the Office of Energy should continue to move forward with the development of the regulations as required under statute while working with the DOE on the deliverable requirements under the ARRA funds. In addition, he questioned if this was the only source of funding for the loan recovery program identified by the Office of Energy.

Mr. Brandmueller replied it was the only source of funding for the loan recovery program.

Senator Horsford understood Mr. Brandmueller was explaining for the record whether the Office of Energy could complete the 24-month requirements of the program; however, he thought they should work on both concurrently, and if it was determined they could not move forward with the revolving loan program, then a modification could be made to the DOE plan.

Mr. Brandmueller advised that the Office of Energy was waiting for a legal interpretation of some of the requirements that existed in the basic ARRA funding package and how those requirements were applicable to implementation of the plan.

Senator Horsford asked if there was an alternative plan for the \$9.0 million allocated for the revolving loan program. Mr. Brandmueller said the alternative plan would likely be to reallocate those funds into other existing programs that were successful. He

indicated there were other recommendations for the energy efficiency retrofits in state buildings and the state could move towards those goals.

Senator Horsford noted the SPWB and the local school districts were required to establish projects to weatherize and retrofit public buildings, facilities and structures under Senate Bill 152. He requested that Mr. Brandmueller provide staff the list of which state buildings, universities, and local school district projects were submitted to the Office of Energy for the energy efficiency retrofit program. Mr. Brandmueller replied that he could provide that information to staff.

Assemblyman Conklin requested the status of the Energy Efficiency and Conservation Block Grant (EECBG) and asked if the grant was a pass-through to the cities and counties.

Mr. Brandmueller replied that 60 percent of the EECBG was a pass-through to cities and counties and the remaining 40 percent had to be used for the greater good of all citizens of the state. He was asked by the DOE why the Office of Energy was not moving the money and his response was because the DOE has not issued the grant, which was a surprise to some of the higher level people at the DOE. The Office of Energy believed they completed all of the negotiations. Unfortunately this grant, as with many of the other ARRA grants, was being bandied around through various offices at the federal DOE level. Mr. Brandmueller hoped the funding awards would be issued soon.

Assemblyman Conklin wanted clarification that the Office of Energy has done everything necessary and the ball was in the federal DOE's court on this particular grant. Mr. Brandmueller replied that Assemblyman Conklin was correct.

Assemblyman Conklin asked if there was a deadline for the EECBG to be awarded.

Mr. Brandmueller was not aware of a deadline for the EECBG funding. Unfortunately, the major concern was the end deadlines were not moving, but the deadline for DOE to award the funding to the state, which was required to be expended by April 30, 2012, was not moving either, resulting in a much more compact period for the state to get the money expended. The Office of Energy was doing the necessary paperwork so they were ready the second the grant was awarded to receive the applications or proposals from the cities and counties that were under the Office of Energy program to ensure that could move as fast as possible.

Chairwoman Smith asked whether the EECBG went directly to the local cities and counties or were sub-granted. Mr. Brandmueller explained that it was somewhat of a misnomer, because it was a block grant, but not a block grant as they have conventionally dealt with. He said the ten largest cities and counties received funding directly from the DOE. For the purpose of the grant, Carson City was qualified by federal DOE as a city, so the grant provided funding for the remaining six counties and

nine cities within the state of Nevada, utilizing the same formula used by the DOE in determining the base amounts to the directly-funded cities and counties. The grant would go from the Office of Energy to the remaining cities and counties and each city and county could propose how to use the money. Mr. Brandmueller wanted the record to reflect that the workshops would include the U.S. Department of Agriculture; some of the projects could be funded by the Department of Agriculture, which would free-up additional money for the rural cities and counties for other projects and in some cases could be matched by the U.S. Department of Agriculture money.

Chairwoman Smith asked whether the cities and counties would get their own bids or would the bids go back to the Purchasing Division. She was interested as to how the funding was maximized using local contractors and suppliers as much as possible. Mr. Brandmueller replied that the bids would likely to go through State Purchasing for the purpose of recordkeeping and maintaining the necessary paperwork to lift the burden from the cities and counties. Preference was given to local contractors because it was not cost effective to use out-of-area contractors. He noted that Lyon County and Elko County, which were directly funded by the DOE, rejected the funds under the EECBG because they did not have the resources for the required recordkeeping. Mr. Brandmueller asked the DOE if the funds rejected by the counties could be redirected and was told that the funds revert to the U.S Treasury.

Senator Horsford asked if Mr. Harvey was aware that Lyon County and Elko County rejected the funds. He believed the state should be assisting the counties that lacked the resources to meet the federal reporting requirements.

Mr. Brandmueller replied that Mr. Harvey was aware of the situation and has made an attempt to help those counties. However, the Office of Energy did not want to get involved in any political decisions that the counties had for rejecting the funds. He noted the DOE has outreach programs and tried to assist those counties and at this point both counties have rejected any help.

Senator Horsford asked if there was a list of projects being recommended for the EECBG funding. Mr. Brandmueller replied he only had the list of proposals. However, the information would be displayed on the ARRA website when the state was funded.

Senator Horsford requested a copy of the proposals for the EECBG funding. Mr. Brandmueller thought the proposals had already been given to the Subcommittee and would ensure they received a copy of the proposals for the \$9.5 million EECBG funding.

Senator Horsford asked if the list displayed a description of each project and how the funds were being used. Mr. Brandmueller replied that the list did not display each project. He indicated that each city and county selected their own projects and proposed them back to the Office of Energy like the schools program, which were in the federal DOE guidelines. However, the list displayed the funding areas for each of the

proposed activities and explained how much money was allotted to each of the cities and counties based upon population.

Senator Horsford commented that the list had no specificity other than how much money was going to each local jurisdiction. Mr. Brandmueller replied that at this point that was all he had. He explained that the federal government designated the ten largest cities and counties in each state to be directly funded based on the same formula, which was then utilized on the block grant portion – the 60 percent that was directed specifically to the cities and counties. The cities and counties would then make the determination on their priorities. Mr. Brandmueller said once he received the cities' and counties' priorities he would share them with the Subcommittee; however, he could not provide precise details of those projects until the program was funded.

Senator Horsford believed there should be more transparency with the EECBG funding; there was a plan, but until there was approval, the public were unaware of the plan. He noted that the public could see where the \$211 million ARRA transportation funds were being allocated, which was not the case with the EECBG program.

Mr. Brandmueller said he could provide the amount of funding that was going to each of those cities and counties; however, how each city or county proposed to use the money was their responsibility. The DOE does not design the program for each individual city and county and those decisions were made locally and proposed to the Office of Energy to fund.

Senator Horsford requested that Mr. Brandmueller provide the Subcommittee with the applications, proposals and all relative information pertaining to the EECBG programs. Mr. Brandmueller replied that he would provide a copy of the applications to the Subcommittee.

Chairwoman Smith asked if the local governments had a public process to determine how the funding was spent, or was that done after the funding was allocated. Mr. Brandmueller assumed a public process occurred after the cities or counties were allocated the money. He noted in the preliminary data collected from the cities and counties there were concerns that the local governments would use "Bob's Electric" down the street, which they could not do because they had to follow the purchasing requirements established in statute to ensure transparency. He assumed the county commissions and city councils had to meet on all of the issues to ensure the cities and counties complied with the Davis-Bacon Act, the Buy American Act, and the environmental requirements that came with the projects.

Chairwoman Smith requested that the local governments attend the next meeting and report on their projects involving direct allocations of ARRA funds.

Assemblyman Goicoechea said that clearly Lyon County and Elko County would be included in the ten larger counties receiving funding and would not be inline for the



\$9.5 million. He asked if Lyon and Elko County denied the direct appropriation of the ARRA funding. Mr. Brandmueller said that was his understanding from the DOE. He spoke to both counties and offered assistance to help the counties move forward in the process. In addition, Mr. Brandmueller noted that the DOE requested a signed affidavit from each county denying the funds. At this point he believed those counties have cut off all communication with the DOE.

Mr. Brandmueller said it was his understanding that the city of Elko was participating. The city of Yerington was participating under the Office of Energy program. He noted there were continuing discussions on the qualifying programs.

Assemblyman Goicoechea asked if the boards of county commissioners or the city councils had to go through the bid process and advertise for bid after the funding was awarded. However, the money from the Office of Energy would come from state bidder preference, which would benefit the state of Nevada.

Assemblyman Hardy said he was struggling with the fact that funding allocated to the state on a per capita basis, whether it was the largest county or city, was reverted to the U.S. Treasury. He asked if the counties and cities could collaborate on a joint application so the ARRA block grants were not lost.

Mr. Brandmueller replied that the Office of Energy tried everything to get the funding re-allocated and the DOE portion of the ARRA legislation specified where the funding went. He questioned the DOE as to whether the funds could be re-apportioned among the other eight largest cities and counties, or if the funding could be re-apportioned to the state, and the answer he received was consistently that it was a direct appropriation to those cities and counties and the funds reverted to the U.S. Treasury.

Assemblyman Conklin understood there was also competitive block grant money at the national level that the cities and counties could apply for and wondered if the Office of Energy was doing anything to help the subdivisions participate in the competitive bidding, or was the Office of Energy competing in some of the bids to bring the money to the state. Mr. Brandmueller responded that the Office of Energy was doing both and he was anxiously waiting to see the competitive opportunities. It was his understanding the first of those competitive programs was going to take place in early October. He indicated that the Office of Energy intended to apply for every grant possible and seek out partners because some of the grants had to be matched.

Assemblyman Conklin said he was under the impression that applications were submitted for some of those grants and was certain the city of Las Vegas submitted a competitive bid request. Mr. Brandmueller asked if the bid was for the base community block grant program. Assemblyman Conklin replied it was a competitive work bid. Mr. Brandmueller said there were funding opportunities coming out daily that were directed at cities, counties, and other political subdivisions that were ARRA funded, but not ARRA programs. Currently there was an energy assurance project some of the

counties may be eligible for and he was willing to work with the different entities on those grants.

Chairwoman Smith asked about the ten work programs submitted to expend the \$34 million grant for the Office of Energy. She requested an update on the staff hired for the ARRA programs.

Mr. Brandmueller replied that the three positions have been hired for the Office of Energy and the other requests for positions were in the process. Currently, he was reworking the staffing issue at the request of the Governor's Office. Mr. Brandmueller was moving the other eight work programs and funding just became available on the entirety of the program. He noted that the money approved at the August 3, 2009, Interim Finance Committee meeting was committed and the Office of Energy was reworking work programs for the entire amount. Mr. Brandmueller anticipated moving more than \$10 million before the next Interim Finance Committee meeting. He noted at couple areas needed to be reexamined to see if they were practicable under the federal DOE guidelines.

Chairwoman Smith asked what programs align to the three positions hired at the Office of Energy. Mr. Brandmueller replied the principal duties of the Outreach Coordinator was updating the ARRA website, as well as setting up the public workshops and other events to ensure there was as much transparency as possible for the ARRA funds. His position duties aligned with energy efficiency and conservation matters, and the third position dealt with renewable energy issues.

Chairwoman Smith questioned the staffing of positions outside of the Office of Energy. She assumed those positions also helped to monitor the ARRA funds. Mr. Brandmueller replied that currently four other positions were being filled, one of which was the Grants and Projects Analyst. In addition, he requested the list from State Personnel on the Renewable Energy Specialist, who would review tax abatement and legislative issues and had a different function from the ARRA position.

Assemblyman Atkinson questioned how many jobs may be created through the energy efficiency projects. He believed it was important to get the citizens of Nevada back to work.

Mr. Brandmueller replied that all the jobs created through ARRA funds would be recorded and each of the granting entities under ARRA have established a different criterion for jobs, yet the General Accounting Office (GAO) had a totally different criterion, so they were trying to streamline that process. He said the grant application formulated job said one job created per \$93,000 expended. He noted the Office of Energy would be reporting real jobs created and retained as a result of ARRA funding. The Office of Energy would have absolute accountability for every cent of the funding.

Assemblyman Atkinson asked Mr. Brandmueller if he could provide the raw number of the jobs created or retained as a result of the ARRA funding.

Mr. Brandmueller replied that he intended to provide a report to the Subcommittee on the money expended and calculations on the exact number of jobs created and retained as a result of the ARRA funding. He could provide a number based on one job per \$93,000 expended, but at this point he believed that number did not have much value.

Chairwoman Smith assumed that the Subcommittee would see the job numbers after the first reporting in October. Mr. Brandmueller said that three jobs were created as a requirement of both sets of reporting. A complete quarterly report was submitted via the DOE and GAO website – [fedreporting.com](http://fedreporting.com).

Senator Horsford commented that the Office of Energy seemed to be months behind the local governments that received a direct award. For example, the city of Reno has an itemized list of all the projects, the number of jobs created, and the energy savings based on their energy efficiency conservation grant program. The Subcommittee was requesting the same basic information from the Office on Energy based on the larger program the state was administering. Senator Horsford was aware that Mr. Brandmueller was new to his position, but there were people in the Office of Energy when these programs were discussed and passed in February. He asked what assurances the Subcommittee and public had so they would not have to wait until another meeting to get basic information on where the funding was being spent, how jobs were being created, and if the funding was being utilized as intended.

Mr. Brandmueller responded that information would be displayed on the state ARRA website as soon as the Office of Energy had the data. The first of the Office of Energy funding was going out for projects, and once the engineering was complete for those projects, he would be able to provide the exact job projections for those funds. Mr. Brandmueller wished he could match what the city of Reno did, but it was easier when only dealing with one entity. The Office of Energy was dealing with multiple entities, although there was no excuse for where the Office of Energy was at this point. Mr. Brandmueller assured the Subcommittee that the Office of Energy would make the process as transparent as possible, and as soon as he received the projects from the SPWB, those projects would be displayed on the website and available to the Subcommittee and public.

Senator Horsford asked Mr. Brandmueller when all the information on the projects would be available, because he believed most of the information had to be reported in October to the federal government. Mr. Brandmueller stressed that the information would not be reported on the October report because no money was expended on these projects. At this point the money was just committed.

Senator Horsford replied that was the case for the energy program; however, the Office of Energy has received \$70 million in ARRA funds. Mr. Brandmueller reiterated that

none of the funds have been expended for any projects at this point with the exception of hiring the personnel for the Office of Energy and setting up the office as necessary.

Mr. Brandmueller offered some perspective and said that \$11 billion was appropriated from the DOE; \$3 million of the \$11 billion was the anticipated expenditure by the end of first quarter out of the 57 states and territories that were part of the program.

Senator Horsford said he understood from his sources in Washington D.C. that the plan submitted by the state was not completed properly and therefore could not be approved. He said that Mr. Brandmueller clearly noted that nothing has been done in any of the areas other than the hiring of the three positions and setting up the Office of Energy. Senator Horsford stressed that citizens of the state were looking for leadership and resources, particularly to help small businesses that were struggling and alleviate the high unemployment numbers. People wanted to be part of the new green economy and there was a lot of money in the Office of Energy with no activity to get the money out on the street, which was a cause of great concern for everyone.

Senator Horsford reiterated that he would appreciate the information as soon as possible so everyone could see where the opportunities were and apply for the funds. Mr. Brandmueller replied that he would provide the information as soon as possible. He noted that only 22 of 57 grants have been awarded to date. He stated that the Office of Energy was making every effort to ensure the DOE had all the information needed on the applications for award of the funding.

Chairwoman Smith thanked Mr. Brandmueller for his presentation, forthright answers and the fact he accepted responsibility even though he was not in his current position when the program was started. She thought he did a good job and was aware he was in a difficult place. She stated that the Office of Energy has been a considerable source of frustration because it appeared there was a lot of lag time implementing items from the ARRA funds and from the legislative session. Chairwoman Smith said that Mr. Brandmueller has taken responsibility for that, acknowledged the shortcomings and was working to overcome those deficiencies and get the money out the door. She said that the Subcommittee looked forward to receiving updated information from the Office of Energy and wanted to see that things were progressing and unemployment numbers were declining as a result of the ARRA funding.

Chairwoman Smith recognized representatives attending the meeting from Senator Harry Reid's Office; Mary Connelly, Regional Director in Carson City, and Shannon Raybourne in Las Vegas. She said the Subcommittee appreciated their attendance and asked them to feel free to share any information or updates they may have regarding the ARRA funding

## D.2. REVIEW OF AMERICAN RECOVERY AND REINVESTMENT ACTS FUNDS ADMINISTERED BY:

### State Department of Employment, Training and Rehabilitation

Ardell Galbreth, Deputy Director, Department of Employment, Training and Rehabilitation (DETR), said in place of Larry Mosley, Director, DETR, who was on annual leave, he would be presenting an update on the ARRA funding. He introduced Renee Olson, Chief Financial Officer and Kelly Karch, Deputy Administrator, Employment Security Division. Mr. Galbreth provided a quick update on the Workforce Investment Act with reference to the ARRA funds and said that pass-through contracts were approved during the special Board of Examiners meeting on March 31, 2009. He noted that DETR rolled out the contracts to the Local Workforce Investment Boards (LWIBs) – Nevadaworks in northern Nevada, and Workforce Connections, formally Southern Nevada Workforce Investment Board, in southern Nevada. The allocation of funds received by each local workforce investment area in the form of youth, adult and dislocated workers were indicated in DETR's handout ([Exhibit C](#)). Mr. Galbreth noted that all of the funds were transferred to the LWIBs, with the exception of 15 percent, which was used as the Governor's discretionary funds. The LWIBs entered into contracts with training and service providers charged with front-line employment and training service delivery of the employment training support. Mr. Galbreth explained that DETR's role as the Governor's administrative agency was to oversee the effectiveness of the use of the funds in a quality employment and training service delivery capacity. Mr. Galbreth said the latest reports regarding employment and training services totaled 1,412 individuals being employed, which were accounted as employment job placements for youth. Youth were employed in areas such as professional offices, clean-up work programs, and businesses established throughout the state. With the Governor's Workforce Investment discretionary funds, of the 15 proposals submitted, 13 received awards amounting to \$2,268,608 with 1,249 individuals receiving employment and training services from those funds.

Continuing, Mr. Galbreth said the Workforce Investment Act (WIA) performance measures are negotiated with the U.S. Department of Labor (DOL) each year. He noted that employment rates, job placement, retention rates and earnings for youth, adult and dislocated workers were performance measures being tracked. In addition, the literacy and numeracy rates were tracked for youth.

Updating the Subcommittee on the competitive grant process, Mr. Galbreth said in accordance with Senate Bill 152 and Senate Bill 239, DETR submitted proposals and applications for competitive grants initiatives. For example, DETR was currently working on a state energy sector partnership grant and training in the amount of \$2.0 million to \$6.0 million with an October 20, 2009, deadline for submission. DETR had work teams in place and that particular grant would be submitted on time. In addition, DETR submitted the Green with NV grant, which would provide the state with funding to conduct a variety of research approaches to provide workforce development

stakeholders with necessary intelligence required to identify existing and emerging opportunities within the green economy. As a result of this intelligence gathering, labor exchange information functions would be enhanced and improved. In addition, the grant would identify and quantify Nevada's green economy and labor market and assessment of program and policy outcomes, as they pertain to the state's green strategies.

Kelly Karch, Deputy Administrator, Employment Security Division (Division), began his presentation by stating that Nevada's current unemployment rate was 13.2 percent for August 2009 compared to the August 2008 unemployment rate of 7.0 percent. He stated that 113,489 unemployed workers received unemployment insurance (UI) benefits in the week of September 14, 2009, compared to 53,362 for the same week a year ago. The Division paid approximately \$37 million in the week of September 14, 2009, (\$19 million state and \$18 million federal) compared to \$14.4 million for the same benefit week a year ago. Mr. Karch said the maximum weekly benefit amount as of July 1, 2009, was \$400 plus the \$25 federal additional compensation benefit. The total maximum entitlement was \$33,575 for the current 79 weeks. Recently, Mr. Karch said the House of Representative passed the Tier 3 extended unemployment compensation bill increasing the entitlement to \$39,100, allowing a person to remain on unemployment benefits for 92 weeks. The current average duration of benefits was 16.26 weeks compared to 13.87 weeks a year ago. Mr. Karch said that 7,502 claimants have exhausted all UI entitlements to date and those individuals have bounced off state extended benefits and there was nothing further to access. However, the Division would contact those individuals after the Tier 3 extended unemployment benefits was effective to ensure they were back in the system and could collect those benefits.

Chairwoman Smith asked if the claimants that expend all unemployment benefits were still in the system and included in the 13.2 percent, or were those claimants no longer a statistic. Responding, Mr. Karch said he did not have the answer but believed the Research and Analysis Bureau could address that issue. However, he noted that statistic and those claimants were receiving UI benefits.

Bill Anderson, Chief Economist, Research and Analysis Bureau, explained that the 13.2 percent unemployment rate was not focused solely on the individuals that were drawing UI benefits, even though he thought a majority of the individuals were drawing benefits. However, as long as a person was actively seeking employment, whether or not they were receiving UI benefits, he or she would be counted in the states estimate of the number of unemployed people.

Chairwoman Smith asked if individuals drawing UI benefits from another state were captured in the unemployment numbers. Mr. Anderson replied that people drawing UI benefits from another state would be included in the unemployment numbers as long as they were a resident of Nevada. He said it was a Nevada resident-specific concept in terms of the unemployment rate.

Assemblyman Conklin commented that recently the Research and Analysis Bureau provided a report on a variety of measures related to underemployment. He thought it would be important for some of his colleagues to understand, not necessarily what underemployment means, but the extent that the current conditions were hitting people who may have a job but were working fewer hours for less pay in a undesirable job, which had an impact on the economy. He asked if there was an update on the government's broader measure, known as the "U-6" unemployment rate.

Mr. Anderson replied that he looked at the concept of underutilization or underemployment using the confidential 2008 data provided by the U.S. Department of Labor. He found that if he counted the number of people that gave up their search for work in 2008, who may have been working part-time but wanted to work full-time using the "U-6" measure, the unemployment rate was close to double the official rate.

Continuing with his presentation, Mr. Karch said since the unemployment extensions began in July 2008; the Division dispersed \$1.7 billion in outlays for benefits, which equates with the multiplier to \$3.7 billion in economic activity.

Moving to the federal loans – UI Trust Fund, Mr. Karch stated that in September 2009 an initial loan application was submitted to the DOL for \$264 million to cover benefits through December 1, 2009. The Division expected borrowing would occur in the second or third week of October and there would not be any interruptions in benefits for claimants. He noted the Division anticipated paying benefits of approximately \$100 million per month in 2010. Contribution collections are estimated to be \$330 million, which would result in an estimated \$900 million shortfall for 2010. The interest on the trust fund loans was waived under ARRA through December 31, 2010, and the first interest payment was due September 30, 2011. Presently, the interest fee was calculated to be 4.6 percent; however, the National Association of State Workforce Agencies (NASWA) was advocating for interest-free loans through 2012. Mr. Karch indicated that the principal amount owed could be paid from the UI trust fund; however, interest could not be paid from the state trust fund or with federal dollars and could only be paid through General Fund dollars or a separate assessment. He indicated that most states that have borrowed in the past used a special assessment collected alongside state unemployment taxes to pay interest. Currently, there was no mechanism in Nevada law to implement a special assessment and the issue would have to be addressed during the 2011 Legislative Session.

Mr. Karch said a list of the outstanding loans from other states from the federal unemployment account was listed on page 4, [Exhibit C](#). Currently, he believed 20 states were borrowing and it was projected that at least 40 states would need to borrow by 2012.

Moving to the extension of the Emergency Unemployment Compensation (EUC) program, Mr. Karch said EUC currently provides up to 33 weeks of federally-funded extended benefits to claimants that exhausted their regular UI claim, which would

increase to 46 weeks upon passage of the extended unemployment compensation Tier 3. He indicated the ARRA extends the application period for EUC from a March 31, 2009, end date to December 31, 2009. Mr. Karch said as of September 19, 2009, \$449 million was dispersed through EUC in Nevada. Federal Additional Compensation (FAC) adds \$25 to weekly payments for all types of claims for benefits payable through the end of calendar year 2010. The FAC was 100 percent federally funded and nearly \$78 million has been dispersed through the program as of September 19, 2009. State Extended Benefits (SEB) was currently 100 percent federally funded through January 1, 2010, and \$42 million has been expended through the program. Mr. Karch said that ARRA allows federal extensions to be paid first preserving state trust funds by delaying payment of SEB.

Mr. Karch said he heard the NASWA would be taking up extensions on all these particular types of claims, not only the establishment, but the time they could pay them, and the federal government would fund the claims in November.

Chairwoman Smith asked whether the requirements changed for job searches for individuals with extended benefits or remained the same as individuals on regular benefits. Mr. Karch replied that only claimants on state extended benefits were required to provide the Division a weekly work search, which was a requirement of the federal law. He clarified that benefits were only paid upon receipt of the work search. When the Tier 3 EUC is passed, the Division would be taking the 8,000 claimants currently receiving SEB and moving those claimants into EUC Tier 3, and then would be able to reexamine those particular types of payments upon exhaustion of Tier 3.

Chairwoman Smith asked if individuals on SEB still searched for jobs the same way as before. Specifically, would the method of job searching through the hiring hall or labor union still be recognized for individuals on SEB. Mr. Karch replied that individuals on SEB still had to look for a job the same as before, whether through the hiring hall or other means.

Continuing, Mr. Karch said that Nevada received approximately \$77 million in UI modernization incentive funds for modernizing its UI laws. The appropriate changes were made to Nevada statute in the 2009 Legislative Session; therefore, these funds have been deposited and can be used for benefit payments. He noted that \$14 million has been expended to date out of the \$77 million. The Division would expend the funds at a rate of \$20 million per week in the near future. Mr. Karch believed the state would run out of money in the second or third week of October and it appears the state was on track for that. The alternate base period, which was part of the change in UI law, which allowed claimants to use the most recent quarter to establish a benefit has only been accessed by 465 claimants to date. Approximately \$5.4 million was awarded to the state for investment in infrastructure and to augment administrative funding. Mr. Karch noted that nothing has been expended to date; however, a work program for \$3.17 million was recently approved for Virtual Call Center technology and funds would be obligated in September 2009. Mr. Karch said the Division would reinforce the



Integrity Unit with the remaining funds, which were the people that prevent fraud and overpayment. In addition, the Division applied for grants through DOL to upgrade the Integrity Unit and would more than likely use some of funding to augment that.

Moving to Nevada JobConnect Employment Services, Mr. Karch said that approximately \$2.1 million would be utilized to support the Reemployment Services Program (RSP) for UI claimants to assist them in returning to work as soon as possible through connection to employment and training services available in the Nevada JobConnect offices. The existing program was in jeopardy due to funding; however, the program has been continued through normal grants and expanded ARRA grants, which has strengthened the program. Mr. Karch said that normally RSP participants enter employment one to two weeks earlier than normal, which saved the trust fund approximately \$4.0 million per year. Currently, jobs were scarce; however, some of the participants would return to work as the program gears up and the state was out of the particular recession and the program would be more important than ever. The Division would hire 8.5 full-time equivalent (FTE) with one full-time person in the UI support system to monitor and ensure that the program operates properly. The remaining \$1.3 million would be used for traditional employment and training activities offered through Nevada JobConnect. These funds were being utilized to support expanded staff levels to address the surge in customers seeking employment and training services in Nevada's ten one-stop offices. As of September 23, 2009, 8,358 Nevadans were provided ARRA funded services statewide through the JobConnect system.

Chairwoman Smith stated that she recently read a newspaper article about community based groups that were helping individuals find jobs and wondered if those organizations were sub-granted through this grant. Mr. Karch replied that the RSP grants went directly to the employment services and Nevada JobConnect.

Responding to the Chair, Mr. Galbreth explained that the community-based organizations were probably referring to the funding that flowed through to the local workforce investment boards. The local workforce investment boards contracted with non-profit and profit agencies, which were the front-line job and training providers that actually deliver the services to the community.

Chairwoman Smith said there was a recent article regarding a community-based organization that was helping people search for work and this organization would not provide the amount of money they received because it was a competitive grant and they did not want other people to know about the grant. She said the organization was using federal money, which was taxpayers' money, and she believed there should be accountability and transparency as to the use of those funds.

Addressing the Chair's concerns, Mr. Galbreth said that competitive grants do not flow through the state of Nevada; rather, the funds go directly to the participating agency or requesting agency. For example, he mentioned earlier that DETR was applying for a competitive grant and there was a lot of money that could be allocated to different

agencies throughout the country. Those competitive grants were allocated directly to the proposer rather than going through DETR. Although he was unsure about the grant that the Chair mentioned, competitive grants that DETR received, as well as formula grants that DETR oversaw, were primarily through the local workforce investment boards and passed on to the service providers. Those providers were accountable and required to provide information to the public when requested.

Chairwoman Smith asked Mr. Galbreth if he could look into that grant to ensure that was not happening with other organizations. She stressed that regardless of how the funding flowed, those grants could not be kept secret especially if they involved federal dollars. She was unsure if there was a process in place when applying for the grant, but once that money flowed, it was taxpayers' money and they should be able to see the outcome of the funding.

Mr. Galbreth said he would find out what agency she was referring to and would provide the information to the Subcommittee.

Assemblywoman Leslie asked if there was a chart that showed the direct allocation of ARRA funds to the counties and cities. For example, she wondered how much funding Elko County was allocated, and rejected, versus what was competitive. She wanted those separated out to better understand where the money was coming from and where it was going. Mr. Galbreth responded that DETR's website displayed the agencies and the locations that received ARRA funding; however, the funding was not allocated on a county or city basis. He said there were two workforce investment areas within the state – northern Nevada and southern Nevada, and those areas were responsible for employment and training services once they received the funding. Assemblywoman Leslie clarified that she was not specifically talking about DETR's allocations.

Chairwoman Smith requested that the local workforce investment boards attend the next Subcommittee meeting to discuss ARRA-funded programs. She asked each board to report funding amounts allocated and the actual and anticipated expenditures. In addition, she wanted to know the types of programs funded, goals, and performance indicators that include the anticipated and actual number of clients served and the program outcomes, including numbers of clients placed in training and employment, and the number and types of new administrative support positions added as a result of the ARRA funding.

Mr. Galbreth responded the numbers were reported to DETR and the DOL, as well as to the Governor's recovery coordinator. In addition, the numbers and jobs obtained for youth, adults and dislocated workers through the ARRA funding were displayed on DETR's website. He noted there was a lag in the adult and dislocated workers reporting because the youth programs were put in place in June 2009, whereas the adult and dislocated workers programs came a few months later.

Chairwoman Smith said it seemed that a substantial amount of funding was spent on the youth training programs. She asked Mr. Galbreth to describe the methods used to track the outcome of those expenditures and if DETR monitored the number of youth that obtained employment as a result of the training received.

Mr. Galbreth replied that DETR reported and tracked the outcomes of jobs received as a result of the training. He said the youth measures were primarily literacy and numeracy rates, as well as diploma and graduation rates. He noted the summer youth employment and training activities were all job placements; approximately 1,200 youth were employed and the program ended on September 30, 2009.

Chairwoman Smith commented that she read an article in a business publication recently which mentioned an example of how youth were employed through the program. For example, a local landscape contractor hired youth through the program. She asked Mr. Galbreth to explain the process to the Subcommittee. Also, she asked if that contractor benefited in a way that other contractors did not. Mr. Galbreth replied that contractors typically did not bid on the work. Once the funds were allocated to the local workforce investment areas, businesses were recruited that were willing to hire youth during the summer in order to provide job training. He noted in that particular instance, the contractor or company agreed to provide employment and training and youth were recruited based on eligibility and assigned to that particular contractor. He said the youth were paid by the ARRA funds and the contractor does not pay the youth for their particular work programs.

Chairwoman Smith asked how businesses were selected to participate in the program. Mr. Galbreth replied that any business establishment that allowed youth to obtain job training skills during their summer employment were recruited. He added that some of the employment opportunities were in school districts, higher education, or state and local governments.

Chairwoman Smith was specifically concerned how businesses solicited to participate in the program and if the participants selected were given equal opportunity. Mr. Galbreth replied that DETR did solicit businesses and entities and it was a tough recruitment to get enough businesses to take on the youth for the summer. In addition a letter was sent to state agencies that were willing to bring on youth and provide employment and training services during the summer. No request for proposal (RFP) has been published to solicit businesses, but advertisement and solicitation did go out through DETR's partners in order to get businesses to take on youth for the training program.

Chairwoman Smith was thinking more about putting out general information rather than an RFP. She asked if the LWIBs had an administration component and if any administrative support positions were added as a result of the ARRA funding. Mr. Galbreth replied that both LWIBs increased staff to provide supplemental support for the people being served through the ARRA funds.

Concluding, Mr. Galbreth referred the Subcommittee to page 5, [Exhibit C](#), which displayed the vocational rehabilitation programs.

Mr. Galbreth moved to the weatherization program and said that DETR assumed responsibility for two components of Senate Bill 152, one of which was the issuance of training RFP for weatherization workers slated to fulfill the weatherization of homes throughout Nevada under the Department of Business (B&I) Housing Division. He noted that the RFP was issued on September 10, 2009, with proposals due by close of business on September 30, 2009. An interlocal contract agreement between the B&I Housing Division and DETR was currently at the Attorney General's Office and he anticipated receipt of the contract imminently and its execution shortly after receipt. Mr. Galbreth said an interlocal contract between B&I Housing Division and DETR has been drafted for the purposes of transferring training funds and outlining the roles and responsibilities of the Housing Division and DETR. He noted that DETR reported that an interlocal agreement with the Housing Division has been drafted that would transfer \$1.75 million to DETR for weatherization training. In addition, \$87,000 would be provided for administrative support and \$10,000 for market and outreach efforts. Mr. Galbreth said a plan was in place that would allow DETR to purchase 6,000 radio broadcasting spots for a total of \$20,000. In addition, DETR received a match in kind donation from the Radio Broadcasting Association for 3,000 spots. He said that 3,000 spots would be paid by the Governor's Reverse Funds and ARRA weatherization funds and the remaining 3,000 spots would be donated to DETR from the Radio Broadcasting Association. Mr. Galbreth anticipated that approximately 300 individuals would be trained statewide; 210 individuals in southern Nevada; 48 in northern Nevada; and 42 for the rural areas of the state. Future training would be based on the employer demand, attrition and the loss of weatherization workers to their establishment of independent businesses servicing the general market.

Chairwoman Smith asked about the expectations of the 300 individuals that receive weatherization worker training and how they become part of the component of people that return to work. Mr. Galbreth responded that according to Senate Bill 152, at least 50 percent of the people trained in weatherization would be hired through the collaborative with B&I Housing Division.

Senator Horsford appreciated the update on the weatherization job training program. He said that DETR was seeking a waiver to the requirement of Senate Bill 152, that 50 percent or more of the workforce of outside contractors for weatherization projects be trained as provided for in legislation. He questioned the provisions of the waiver, for example, what the department was specifically seeking to be waived. In addition, Senator Horsford asked how long the waiver would be in place, and was the waiver discontinued once the individuals meet the training requirements.

Mr. Galbreth responded that there was a waiver procedure in process, which was being reviewed by the Attorney General's Office. He noted that initially DETR was recommending the waiver be in place for 60 days, and at that point if the contractor

could still not find individuals that have gone through the required training according to Senate Bill 152, the contractor can come back to DETR and ask for an additional waiver. Mr. Galbreth said that some of things that would be required of the contractor would be pertinent details that would identify the contractor, projected number of housing plans for weatherization by the Housing Division, the location of the project, the number of homes under weatherization contract, the estimated number of days or weeks to complete the process, the number of workers employed, the number of employed workers that have completed training in weatherization under the approved training program, along with other elements that require the contractors to justify when requesting the waiver.

Senator Horsford said that he recently had the opportunity to review the RFP and was aware the legislation indicated that tuition may be used as an allowable cost based on the training collaborative that submit. However, it was his understanding that DETR chose to specifically exempt tuition and questioned the rationale for that decision. Mr. Galbreth was unaware that DETR had exempted tuition assistance.

Senator Horsford asked Mr. Galbreth to clarify that because of the interest in the weatherization program. He noted that many people interested in the training were unemployed or underemployed and unable to afford the tuition, which he believed should be considered. In addition, Senator Horsford said that the RFP specified that local, state and federal applicable laws had to be followed; however, the RFP does not provide any specific examples of laws that must be followed. For example, Assemblyman Conklin worked on Assembly Bill 148 during the 2009 Legislative Session, which required mandatory OSHA 10-Hour training certification, and based on the type of work being done in weatherization, he expected that those people would also be OSHA 10-Hour certified for safe working environments. In addition, there were standard UPC codes that must be followed when replacing changes to electrical standards and people had to be certified to perform that work. Senator Horsford said he did see any of those references in the RFP and was concerned with people being awarded the training and then find out they had to meet the certifications that were part of local, state or federal law and now were not qualified or prepared. He wondered if DETR looked at that issue, particularly because weatherization projects were so specialized and there were standard building codes that must be followed.

Mr. Galbreth replied that Senator Horsford was correct. He noted that DETR conducted several meetings with the different entities, such as the trade unions, colleges and other training entities and the requirements were that all of the codes must be followed even though it was not indicated in the RFP. The requirements would be specified in the contract when the individuals were awarded the funds. Mr. Galbreth said DETR would ensure all the standard codes were included in the contract.

Senator Horsford said there was reference in the RFP that individuals who receive weatherization training were required to go through the entrepreneurship training

component. He questioned why DETR required individuals that just wanted to work to also go through the entrepreneurship training.

Responding, Mr. Galbreth clarified that entrepreneurship training was optional and not a requirement. He would look at the provisions in the RFP and ensure that was clarified.

Senator Horsford thanked Mr. Galbreth for his presentation and was looking forward to seeing the progress of the weatherization training program. He has received many phone calls and e-mails from people throughout the state interested in taking advantage of the weatherization training and thought that once DETR receives the responses and selects the regional training collaborative, it would open up new opportunities and employment for people.

Chairwoman Smith wondered about the interlocal agreement being reviewed by the Board of Examiners and what funding it was related to. Mr. Galbreth replied that the interlocal agreement has not reached the Board of Examiners and was currently being reviewed by the Attorney General's Office. The draft interlocal agreement with the B&I Housing Division specifies that \$1.75 million would transfer to DETR for the purpose of weatherization training. In addition, the interlocal agreement includes the transfer of \$87,500 for administrative oversight and an additional \$10,000 for market and outreach support.

Chairwoman Smith asked if it was all ARRA funding. Mr. Galbreth replied it was all ARRA funded. In addition to the \$10,000 for market and outreach support, the Governor's Discretionary Fund, which was not part of ARRA at this time, would match the \$10,000.

Chairwoman Smith recommended that DETR be present at future Subcommittee meetings. In addition, she reiterated the local workforce investment boards be present at the next meeting to discuss the ARRA funded programs.

Chairwoman Smith called for a recess at 11:59 a.m. The meeting reconvened at 12:40 p.m.

#### **D.3. REVIEW OF AMERICAN RECOVERY AND REINVESTMENT ACTS FUNDS ADMINISTERED BY:**

##### **State Department of Transportation**

Susan Martinovich, Director, Department of Transportation (DOT), referred to page 39 of meeting packet. She noted that the original amount of the ARRA funding was \$250 million to the state of Nevada; \$201 million to highways and bridges; and \$49 million for transit. She stated that the \$201 million and \$49 million were sub-allocated and the state received \$134 million to be used statewide under DOTs oversight. The Metropolitan Planning Organizations (MPO) over 400,000 received

allocations – Clark County received \$40.0 million – Washoe County received \$9.0 million. In addition, there were also other sub-allocation areas to specific types of projects; enhancement projects received \$6.0 million; and rural areas with less the 200,000 people received \$11.0 million. The state received \$7.3 million in transit money; Carson City received \$1.0 million; Washoe County received \$7.0 million, and Clark County received \$34 million. Ms. Martinovich noted there was a difference between the highways and bridges and transit money, and the highway and bridges money was administered through the Federal Highway Association (FHWA) administration and the money flows through NDOT to FHWA. Ms. Martinovich said that transit money, except for the money that went statewide, was distributed directly from the Federal Transit Administration (FTA) and went directly to the locals for their oversight and distribution. The criterion for the money was restrictive and all projects had to have National Environmental Policy Act (NEPA) certification, which on major projects could take years. The NDOT moved forward with projects that could be easily certified through NEPA, such as pavement overlay and preservation projects. She indicated that all the right-of-way projects had to be certified, which meant ownership had to be shown and the roads had to be in the appropriate public domain and ownership. The highways had to be on a minimal functional class, which was not a problem for the statewide facilities. However, the Nevada Association of Counties (NACO) projects did run into some issues because some of their projects, such as paving dirt roads, those roads were not on a functional class or they had to change their master plans to get the roads on a functional class. In addition, the projects had to be on a transportation plan, so the open meeting process was a two to five month process to get roads on the transportation plans.

Ms. Martinovich stated that \$70 million, which was 50 percent of the state's funding, had to be obligated by June 30, 2009, and NDOT met that timeframe. All other funding received by NDOT, had to be obligated by February 17, 2010, and there was no criteria on how fast or when the funding had to get out. Ms. Martinovich explained that because the certification and stewardship agreements were a cumbersome process, Congress recognized the need to allow different timeframes in order for the funding to go to the locals as NDOT decided it should.

Continuing, Ms. Martinovich said in March 2009, in unison with Clark County, Washoe County and statewide partners, NDOT decided to put the ARRA funding toward preservation projects. She indicated that NDOT could have put all of the funding to one project and there were many major projects in the state that were ready to go, and NDOT was working on funding. However, NDOT believed that would have only helped one contractor and NDOT wanted to meet the intent of the funds, which was to employ a lot of people and move many projects forward over the year. With approval from the Transportation Board and presentations before the Legislature, Ms. Martinovich said NDOT moved forward with the list of projects that were approved in March 2009. She indicated that Clark County received 54 percent of the funding; Washoe County received 14 percent; and the rest of the state received 32 percent. Ms. Martinovich said that NDOT received the federal money on March 17, 2009, and obligated the first project on March 18, 2009. NDOT was systematically putting out the projects, which they believed

resulted in better bids. She said that NDOT believed they would not get as good bids if they combined the magnitude of projects within a short period of time, which made it difficult for the contracting industry to gather all the bids. Ms. Martinovich said NDOT was excited to receive great bids, which were 10 to 20 percent less than the estimates, allowing NDOT to add three additional projects at the end of June. Those three projects were; US-93 from Garnet Interchange to Clark/Lincoln Line; US-95 North of Laughlin; and US-95 Jackass Flat to State Route 160 in Nye County. Mr. Martinovich said NDOT notified the Transportation Committee chairs and sought approval through the Transportation Board to add the three projects.

Currently, Ms. Martinovich noted that NDOT was going through the federal process, which she reiterated was cumbersome, and there were additional reporting requirements that NDOT had to enact into NDOT's agreements with the local entities. She noted that NDOT obligated approximately \$100 million of the \$201 million received in the Highway Funds. The schedule for the remaining projects, the \$134 million states portion, there were 18 projects including the 3 projects that were added, and 15 of the 18 projects have been advertised and were in some form of capacity out on the street. The 3 remaining projects remaining were; I-15 in Mesquite - \$14.0 million; US-95 Lee to Kyle Canyon - \$26.0 million; and Searchlight - \$3.0 million. In addition, there was \$1.0 million left in the transit funding of the \$7.0 million that was allocated to NDOT and they were working with the local entities to get the funding distributed. Washoe County chose to expend all their funding on the Meadowood project. Currently, the county was working on the right-of-way for the project and was confident they would get the right-of-way certified in order to meet NDOT's timeframe. Ms. Martinovich noted that NDOT and legal staff were working diligently with Washoe County to ensure they succeed in the project. Clark County was spending the funding on numerous road projects across the valley and sub-allocated their \$40 million to each of the six entities. Clark County had over 23 different projects that range from \$400,000 to \$5.0 million, so NDOT was coordinating with Clark County on the process in order to meet the requirements of the FHWA. She said the process meant there had to be agreements for every project, and currently, through their EMC, modifications were made to their projects that have to be inserted into their regional plans and subsequently into NDOTs plans.

Continuing, Ms. Martinovich said that NDOT and Clark County believed that through the partnerships there should be able to meet the required deadlines. The NACO and the Nevada League of Cities and Municipalities also identified 25 eligible projects to expend their \$7.0 million and each project needed to go through the individual certification. She noted that the same process had to be followed regardless if the projects were \$100,000 or \$30 million. Ms. Martinovich stressed that NDOT would not miss any of the deadlines and the money would go out. In addition, NDOT was excited about two other projects that were outside of the federal highway and federal transit, administered by Federal Lands in Denver, Colorado. She said NDOT was counting on those projects to bring money into Nevada – \$1.1 million was awarded for a project in Washoe County – Galena Creek left turn lanes, and the \$16 million Lake Mead Boulevard North overlay project.



Ms. Martinovich said that NDOT had no control over the projects but it was additional money that was coming to Nevada utilizing Nevada's contractors.

Ms. Martinovich noted that 15 projects were put out to bid and 12 of the projects were underway. She noted that some of the projects were combined, so there were 9 current contracts with 7 different contractors. NDOT believed the goal of distributing the money for a lot of projects, versus just one, was successful because those projects reached many different contractors across the state. For example, Ms. Martinovich said there was a landscaping contractor, paving contractors, earth work and dirt contractors, which were all Nevada contractors. Ms. Martinovich said the local entities would administer their own contracts, but the agreement that NDOT had with the local entities put requirements on them in order for NDOT to meet the federal payment schedules and also do the tracking and recording requirements. Continuing, Ms. Martinovich said the total number of workers retained or hired as a result of the funding was increasing and NDOT received reports from the contractors that 403 positions have been retained or hired. As a comparison, Ms. Martinovich said that last month the number of positions was 195, and the prior month was 17 positions, so as projects were underway and contractors were mobilizing, NDOT anticipated those numbers to show progression. Mr. Martinovich said the contractors knew that additional work was possible for the workers retained or hired because NDOT was putting out subsequent work over a period of time. She said that NDOT was following the federal reporting requirements and were moving forward with the projects as fast as possible.

Aside from the \$250 million, Ms. Martinovich noted there were other areas of funding, such as the Tiger Discretionary Grant (TDG) applications. She indicated that the TDG funding was \$1.5 billion available nationally to projects, which were awarded by application for each projects. The awards were from \$20 million to \$300 million for single projects. Working in coordination with Southern Nevada RTC, Washoe County RTC, and the other two NPOs, the state agreed on four priorities to make application for that funding; I-15 Stateline to Las Vegas; US-95 Rainbow to Ann Road; US-395 Moana to I-80; and the Carson Freeway. However, this money was available to anyone and there were not limits on who could make applications, so each entity has also made applications for their own projects. She said that NDOT did not want to be left out and made application for F Street opening as per Senate Bill 201, and made an application in conjunction with the Union Pacific Railroad for spurs on the I-80 corridor near the Winnemucca area to help facilitate freight and passenger movement. The application for the funding was due September 15, 2009, and NDOT met all the requirements and submitted the application. Ms. Martinovich said the U.S. DOT must respond to applicants by February 17, 2010, and the money on the selected projects must be obligated (criteria met, right-of-way clearance, NEPA certification) by September 30, 2011, and priority was given to projects that could meet the February 2012 completion deadline.

Chairwoman Smith asked Ms. Martinovich to respond to the recent federal report which resulted in some congressional members writing a letter of concern. She assumed it was just the flow of information and money being obligated versus money spent.

Ms. Martinovich replied that the report that the letter was based on were the July 31, 2009, numbers. The numbers she provided to the Subcommittee today were based on last week when NDOT compiled their report. At the time of the federal report, NDOT put out all the state projects, but there was still a lot of money particularly with the projects in the local areas and because of the federal process the money has not been going out. However, Ms. Martinovich said that NDOT was still on schedule and the criteria was not to spend the money as quick as possible, but spent it in a year, and NDOT choose as a state to spend the funding on a lot of projects and go deep into projects. She explained while other states have spent money on design, NDOT has not obligated any federal money on the up-front design costs and absorbed those costs as an agency, because they wanted to put the money toward construction and roads. In addition, other states chose to put projects towards major systems – one state used a length of a major state highway and broke it into different contracts. She indicated that the right-of-way or NEPA only had to be certified once, and then the projects could be broken into contracts, which could go a lot smoother. Ms. Martinovich stated there were a lot of projects that NDOT needed to get out; 23 projects for the locals; 18 projects for NDOT, which already had the right-of-way, and 25 local NACO projects. Ms. Martinovich agreed that NDOT was slow in getting the funding out for the projects, but believed they were doing the right thing with having many different types of projects. She stressed that NDOT was not loosing any money and the money would get spent.

Chairwoman Smith said it seemed the industry was supportive of this process. Ms. Martinovich replied that the industry was supportive of the process because there were more projects to bid on. She reiterated that NDOT could have used all the funding on the I-15 or US-95 projects, but made the decision to distribute the funding statewide.

Chairwoman Smith asked if the jobs bid to date have gone to in-state contractors and was NDOT able to use the bidder's preference unlike most federal jobs. Ms. Martinovich replied that the contracts have gone to Nevada contractors even though NDOT was not able to use bidder's preference because ARRA was federally funded. She explained they could not use bidder's preference or have a race conscious goal for Disadvantaged Business Enterprise (DBE) firms.

Chairwoman Smith thought it was interesting that bidder's preference was not changed for the road projects when the federal government allowed it for all the other projects. Ms. Martinovich replied the federal government kept the same criteria because they believed if they started changing the criteria it could possibly open the door for many more changes. She noted the formulas had the same criteria as the regular road projects just to keep it cleaner, because those were the projects that were ready to go the quickest.

Chairwoman Smith said many of the contractors were based in the larger cities, for example, Washoe County or Clark County, but worked on road projects in rural Nevada.

Ms. Martinovich replied that the Chair was correct and the other part of the criteria was that NDOT had to do projects in economically distressed areas (EDA), and unfortunately for Nevada, most of the areas were EDA. Previously, when there were larger contracts in the rural areas, those areas had to draw their workforce from the large urban areas; however, the rural areas also were able to draw some of the local workforce. Ms. Martinovich said it was a balance of helping those larger areas like Clark County and Washoe County work with the contractors in the smaller regions.

Chairwoman Smith said when she compared the current list of projects to the list of projects from the 2009 Session there was movement on a couple of projects, but seemed like the funding for the I-80 project was shifted. She questioned the progress of the traffic signal project. Ms. Martinovich replied that the traffic signal project was taken off the list because Washoe County made a decision to put their money into the Meadowood project; therefore, the I-80 money went to the Meadowood project. However, also during the time from March to current, NDOT had the issue of the regular federal appropriations and needed to ensure they spent all of the federal allocations, so some of the projects in Washoe County that fell off the ARRA funding in order to meet the federal obligation, NDOT was able to fund under a different type of funding.

Chairwoman Smith questioned the \$800,000 traffic signal project that was not on the current list. Ms. Martinovich replied that NDOT was unable to do that project and typically traffic signals were part of the local projects. She indicated that some of the street light projects in certain areas were not eligible for the ARRA funding, and some of the projects from the first list did not meet the functional class or type of eligibility, and were removed and other projects were substituted in place. In addition, any time a project changed it was updated on the NDOT website with the actual amounts and displayed in red.

Chairwoman Smith asked if the projects include job preservation within NDOT because she assumed there were jobs saved based upon receipt of the ARRA funding. Ms. Martinovich replied that NDOT did not fill as many positions as they become vacant. However, she figured that NDOT employees were already working and the only preservation of jobs were outside NDOT.

Assemblyman Atkinson asked Ms. Martinovich if she could provide an estimate of how many jobs have been created as a result of the various projects. Ms. Martinovich replied that she did not have an actual number of jobs created from the projects. She noted that NDOT submitted the numbers to the FHWA and they worked their "magic" and were the ones with the formulas showing the equivalent full-time positions or what they believed were the number of jobs retained. Currently, NDOT did not have the numbers but were trying to obtain them to get an idea of the number of jobs created and retained.

Assemblyman Atkinson asked Ms. Martinovich if she knew when NDOT could provide the numbers to the Subcommittee. Ms. Martinovich said the federal reports were due around October 2009 and hoped to obtain the FHWA's interpretation of the job numbers soon.

### D.3. REVIEW OF AMERICAN RECOVERY AND REINVESTMENT ACTS FUNDS ADMINISTERED BY:

#### State Department of Conservation and Natural Resources

Kay Scherer, Deputy Director, Department of Conservation and Natural Resources, introduced Leo Drozdoff, Administrator, Division of Environmental Protection; Dave Emme, Division of Environmental Protection; and Roger Gregg, Division of Energy. She indicated that Mr. Emme and Mr. Gregg were responsible for the technical and reporting functions for the ARRA funds and would be able to provide answers to questions of the Subcommittee.

Ms. Scherer said that she would provide a brief overview of the ARRA funds administered within the Department of Conservation and Natural Resources (DCNR). She noted that DCNR has two recipient agencies within the department:

- The Division of Environmental Protection, which received \$41.98 million in five areas from its grantor, the U.S. Environmental Protection Agency, and
- The Division of Forestry, which secured \$3.8 million in two rounds of funding from the U.S. Forest Service.

Ms. Scherer said looking at the ARRA funding received by the Division of Forestry, Nevada was one of the few states successful in having a project awarded in the first "seven-day shovel ready" U.S. Forest Service funding round. Nevada was awarded \$1,314,100 for fuels reduction projects in Lincoln County. The first portion of the round one project was 78 percent complete, and the second portion of the round one effort was 8 percent complete. Ms. Scherer said the round one work was accomplished by amending existing state contracts to reflect the additional ARRA requirements. These contracts are awarded competitively and administered through State Purchasing utilizing Nevada employers and contractors. The Division of Forestry is aware of the wage rate requirements and received direction from the U.S. Forest Services, its grantor agency.

Continuing with her presentation, Ms. Scherer said the Division of Forestry round two grant awards were \$2,548,000 for forest fuels management activities in Washoe County and Lyon County. She noted that much of the work under these recently received funds will be accomplished through sub-grants to the counties. The outcome from the Division of Forestry ARRA efforts would be better forest health, reduced potential for wildfire and increased biomass utilization at the Northern Nevada Correctional Facility. She indicated that no new administrative positions were created in the division with the

funds, and existing programs and contracts were being used to get these dollars quickly on the ground.

Chairwoman Smith said she remembered seeing the announcement in the newspaper about the ARRA grant for the biomass facility and that facility was a bit of a debacle within the budget issues. She wondered how the grant was being specifically utilized and how that was going help Nevada go into the black instead of the red on that facility.

Ms. Scherer replied that DCNR was primarily the chip providers and a lot of what they do in that partnership was generate fuel materials that go into the biomass facility. She said that particular grant was being administered by the Department of Corrections. Ms. Scherer said the good news was that DCNR was generating more fuel material and that was one initial drawback with the project.

Moving on with her presentation, Ms. Scherer said there were two existing programs within the Division of Environmental Protection that received the bulk of the ARRA funds:

- Clean Water State Revolving Fund, established by statute in 1989, with a \$19.2 million ARRA award, and
- Drinking Water State Revolving Fund, established by statute in 1998, with a \$19.5 million ARRA award.

Ms. Scherer said the Division of Environmental Protection has not created any new administrative positions like the Division of Forestry with the ARRA funding and the existing laws and regulations that govern the state revolving funds also applied for the funding. Ms. Scherer said that worthy of note was that the ARRA adds several new requirements:

- 20 percent of the grant funds in the two programs must be used for “green” infrastructure projects and two entities in Clark County have qualified as having “green” projects.
- 50 percent of grant funds must support projects with some form of loan subsidy (for example, principal forgiveness)
- Davis-Bacon prevailing wage and Buy American Steel rules apply, and
- Construction must begin or contracts must be in place by February 17, 2010.

Continuing, Ms. Scherer said in order to get these funds out to communities and entities within the state, in December 2008, the Division of Environmental Protection solicited projects for the two revolving loan priority lists – drinking water and clean water, and by April 2009, priority lists were adopted following receipt of public comment. By late April, grants were awarded by the U.S. EPA, and in May, loan applications were already being submitted by the highest ranking projects that were ready to proceed. Since June and through the remainder of the calendar year, the division is executing loan contracts with recipients. Currently, 72 percent of total funding for the two programs was awarded to Nevada communities and entities, with 22 loan contracts executed and 7 pending.

The department was confident the division will meet or beat the February 2010 deadline to start construction or have contracts in place.

Ms. Scherer noted that additional ARRA funds received by the Division of Environmental Protection include \$1.73 million under the U.S. EPA's existing State Clean Diesel Grants program. These dollars were awarded to each state to support efforts to reduce diesel emissions and improve air quality. The funds received will replace older school buses in Nevada with those equipped with modern emission control equipment. Division staff consulted with school district fleet managers to develop specifications for these buses and existing school district contracts were considered and used to achieve lower prices and allow more buses to be purchased. Ms. Scherer said 15 school districts applied for buses. Clark County and Carson City did not have buses eligible for replacement, and each county will receive one bus, with Lyon County and Nye County receiving two.

Ms. Scherer said another area within the Division of Environmental Protection – the state's federally-funded Leaking Underground Storage Tank Program was allocated \$1,266,000 by the ARRA. These funds would be used to identify abandoned or orphaned underground storage tanks, conduct assessments and for as-needed site remediation. An existing program contract that was competitively awarded to a Nevada contractor was amended to include this work. If tank removal and clean up was needed, local contractors would be solicited on a competitive basis.

Chairwoman Smith asked if the funds were going through State Purchasing or SPWB or were the entities receiving the grants getting their own bids. Ms. Scherer replied that all of the funding that she discussed flowed through the Division of Environmental Protection and the Division of Forestry. Primarily, the process was working with existing contractors to amend or take the priority lists and the revolving loan program and the entities apply and put the work on the ground. She added that Nevada contractors were being used for the projects and every effort was made to use local contractors.

Concluding with her presentation, Ms. Scherer the final of the five efforts with the Division of Environmental Protection was a pass-through of Section 604(b) – Clean Water Act planning grants in the amount of \$194,300. These planning grants will aid the Tahoe Regional Planning Agency in water quality planning in the Tahoe Basin, support regional analysis of wastewater facility capacities, and help in the efforts related to Total Maximum Daily Load (TMDL) determinations that were ongoing.

Ms. Scherer added that the Division of Environmental Protection received all the funding they believed they would receive. The Division of Forestry anticipated one additional round of funding for \$494,000. Currently, the projects were identified in the Clark County area to put that funding to work.

Chairwoman Smith that she heard at the recent Interim Finance Committee meeting of money allocated from Contingency Fund for the plan in the Tahoe Basin for prevention

and there was some discussion about possibly being able to apply for stimulus dollars and either reimburse that money or add to the total amount of money for more prevention work.

Ms. Scherer replied that DCNR was only able to identify \$194,300, and only a small amount of those planning dollars could be used in the Tahoe Basin. She was aware the TRPA was a separate entity, both on the California and Nevada side, and both entities were looking to seek stimulus funds; however, to the best of her knowledge those dollars would not be flowing through DCNR.

Chairwoman Smith commented that DCNR demonstrated the ability to get projects planned and out the door quickly. She said that Ms. Scherer mentioned that DCNR started planning for the funding in December 2008, and questioned how that was possible when the state was unaware of the stimulus funding at that time.

Dave Emme, Division of Environmental Protection, replied that the division closely watched the federal legislation and was aware that some form of stimulus legislation would be passed. In addition, the Council of Infrastructure Financing Authorities provided the division information on what was happening in Washington D.C. and the division anticipated the State Revolving Loan Fund (SRLF) program would probably receive stimulus funding. Recognizing the long lead times, Mr. Emme said the division solicited for projects in December 2008, prior to legislation being passed.

Chairwoman Smith thanked Mr. Emme and said even though the DCNR numbers were small in comparison to other departments, she believed it was a good model for entities and hoped other entities take note of how proactive DCNR and the Division of Environmental Protection were and how well it played for them.

Assemblyman Goicoechea asked if any of the smaller communities, for example, Gerlach, Baker or Austin, could access any of the ARRA funding for wastewater treatment. He was aware that the rural counties had the preliminary engineering reports in place, but clearly did not have the money to move ahead with the projects. He wondered if any of the ARRA funding could be shifted to those smaller counties.

Mr. Emme responded that DEP was funding a large number of projects, either drinking water, public water supply projects or wastewater treatment projects in the rural areas. He noted that 50 percent of the grant funding had to go to support some form of loan subsidy, which provided the funding to communities that were disadvantaged using the definition of 80 percent or less of the median household income representing that community. He said that by itself took half of the SRLF money and channeled it into the rural areas. He indicated there was a list of specific projects ([Exhibit D](#)) that have contracts or contracts pending, which were also listed on DCNR's recovery website.

Ms. Scherer added that every county had a least one project funded from the two SRLF with the largest percentage going to Clark County at 27 percent.

E. PRESENTATION ON INFORMATION AVAILABLE ONLINE AT THE STATE OF NEVADA'S WEBSITE ([www.nv.gov](http://www.nv.gov)) CONCERNING AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING.

Andrew Clinger, Director, Department of Administration, noted that he was asked by the Subcommittee to present the information currently available on the state of Nevada ARRA website [www.nv.gov/recovery](http://www.nv.gov/recovery). He indicated that there was a link on state's homepage, [nv.gov](http://nv.gov), directing people to the state's main recovery page. Mr. Clinger said the face of the recovery page displayed a pie chart breaking down the allocations of funding per the various departments within the state of Nevada. He noted that the grant notifications were sent to the Fiscal Analysis Division, as well as the Department of Administration, which was part of the information used to feed into a database that produced the charts and tables displayed on the website. Also, what was currently shown on the website was the anticipated amount of funding. For example, for Medicaid or Unemployment Insurance, the total amount expected was displayed under those funds, which was a large chunk of what was included in the total \$2.2 billion ARRA funds allocated to the state of Nevada. Mr. Clinger explained on the right side of the screen were links to specific items under Nevada ARRA funds – the Governor's certification letter, the link to the Stabilization Fund application, as well as the Governor's Office press releases. In addition, displayed on the bottom of the page were direct links to some of the various federal agencies that have information, whether guidance or news feeds. Also, there were other informational links on the page – [usa.gov](http://usa.gov) and [grants.gov](http://grants.gov), which provided transparency to the people of the state.

Continuing, Mr. Clinger stated that underneath the pie chart displayed on the ARRA recovery website main page was a table format listing by department and program area, which includes the same information presented in the pie chart. He noted that some of the program areas were also listed in addition to the departments because some of areas were program specific such as housing and weatherization, energy funding, and commodity foods funding, which were not department but a specific area of funding. Mr. Clinger said the website currently allows individuals to click through the pie chart or tables for a department, which displayed a listing of the various grants being directed through the particular department. He noted that the actual ARRA spending was not displayed on the page, only the amounts the state expected to receive from the federal government.

Assemblywoman Leslie asked how she could see how the funding was specifically utilized. Mr. Clinger replied that almost every agency, except for Department of Corrections, Cultural Affairs and Energy Office, have links to specific agency sites. He said that DHHS had a link at the bottom of their page to the recovery page specific to DHHS displaying a breakdown of where the funds went and the grant awards. From this point, someone could get to the other programs displaying a breakdown of FMAP and TANF funds. In addition, there were links to various divisions within the DHHS with the details of the grants running through that particular office.



Assemblywoman Leslie noted that the funding disappeared if she clicked on the Immunizations tab on the DHHS website. Mr. Clinger said the DHHS website displayed the funding differently and was based on granted versus awarded. He explained that part of the issue was that there was no database to maintain all the information to link to the state agencies, which was the reason the IFC approved \$50,000 for a requirements definition study. He stated that there was a database, but the database was to maintain the grant allocations, which was the information the Department of Administration was maintaining. However, there was not a database to track all the specifics of a program, like the status of a project or the number of jobs created. He stated that part of the \$50,000 approved by the IFC would help the Department of Administration create a requirements definition study for a database that would feed into a more robust website.

Chairwoman Smith asked if the information would be clearly displayed on the website after the first reporting, so people could see how much money was awarded and the number of jobs created as a result of the funding. Mr. Clinger responded that once the information was reported to recovery.gov website, the Department of Administration would populate our website by downloading the data to a state-specific website. He reiterated that the \$50,000 approved by the IFC would fund the requirements definition study. In addition, the Department of Administration would request additional funding to build the database and have the tools necessary to take that information from the recovery.gov website and post it on a state-specific recovery website. He said that currently there were links to the recovery.gov website, but the Department of Administration wanted to use automated technology tools to take the information from that website to a state-specific website. The automated tools would allow the Department of Administration to produce GIS mapping so people could view the 17 different counties and see where the grants are, how many jobs were created in each county, because those were the data elements required as part of the federal 1512 reporting requirements.

Chairwoman Smith asked the timeline for obtaining the funding for the data. She said the website was extremely important. Mr. Clinger agreed and said the Governor also agreed that the website was important and the public needed to know where the funding was going and the number of jobs created.

Dave McTeer, Chief IT Manager, Information Technology Division, Department of Administration, replied that he was responsible for ensuring the current website functions properly, as well as running the requirements analysis project and hopefully the development of the reporting system, which would then supplement the existing website. He said when the Department of Administration requested \$50,000, which went to the Board of Examiners on Tuesday, September 8, 2009, and that contract amendment was approved. He said the vendor started the same day as the approval, and the first kick-off meeting was held on the following day. In addition, the Department of Administration involved Charles Harvey, State ARRA Director. Mr. McTeer noted the vendor thought the requirements could be completed in approximately eight to nine

weeks, around November 9, 2009. He believed the department would have enough information and recommendations on the website to present to Mr. Harvey, Mr. Clinger and the Governor's Office prior to the completion date. He asked the vendor to provide three versions, Cadillac, Chevy and Yugo versions, and certainly the Cadillac would be the most desirable; however, it was the most expensive, would take the most time, and cost the most to maintain. He said the three versions would be presented, and based upon the decision from the ARRA Director and Governor's Office, the department would request the money from the Interim Finance Committee for the development of the website. Mr. McTeer hesitated to speculate about the time or cost of the project because he did not know which of the three options would be chosen. He recognized that there was a time element and the Department of Administration was doing its best to get the website up as soon as possible to provide transparency to the citizens of the state. He explained that the information for the website was complicated and there were "apples and oranges" to compare, which made it difficult to get the same numbers. He stressed they had to be careful how the data was displayed so it was not confusing or misleading.

Chairwoman Smith said she was worried about the information on all the different websites and hoped the information was consistent, accurate and in-line with the state ARRA website. She asked Mr. Clinger to explain why the state ARRA website was ranked so poorly and what could be done to improve the ranking.

Mr. Clinger replied that the latest ranking report showed that Nevada scored low in the currency of data category because the website was not updated with regular frequency. Currently, the state ARRA website was updated weekly and each update was posted at the bottom of the web page, so that category would show improvement if the evaluation was done today. Mr. Clinger indicated that some of the states that scored high displayed jobs data and the GIS mapping component of the data was available to see where the money was being spent by county, congressional district or legislative district, which were some of the enhancements that the department hoped to put into the state ARRA website. As part of the requirements analysis study, the vendor was asked to look at the top ten rankings of other states to see what components those states were doing versus Nevada. The vendor would provide their findings in different versions showing what the state could do to improve the website. Based on the timelines of the requirements analysis, Mr. Clinger anticipated the department would bring an item to the November IFC meeting requesting IFC Contingency Funds, along with some additional administrative charges, because it was recognized that the ARRA administrative charges would not completely cover the cost of Mr. Harvey's office or the development of the website. He believed that some state money would have to be put into the enhancements of the website.

Chairwoman Smith asked how the citizens of the state could go to the website to see the latest details and find out where to get help. She referred to a recent article in the newspaper and the reference to a man who used a community-based organization to improve his job skills. In addition, there were discussion of scams involving the stimulus

funding and the different companies creating scams and telling people that they could get stimulus money for items such as vacations. She noted that people were falling for the scams, filling out the forms and sending in the application fees and those were the things that affect the people who live in the state. She asked Mr. Clinger to look at the scam issue. The federal government was dealing with that issue and it would be an easy link on the current website to make people aware that these things were not legitimate.

Chairwoman Smith said that she also heard that agencies in other states were advertising when projects were complete using federal stimulus funding. For example, if a road or conservation project was complete, the contractors or the local entity would display a sign near the project informing the public that the project was a result of the federal stimulus funding. She thought the state needed to inform the taxpayers in the state when a project was complete using the stimulus funding so the public was aware that the funding was used carefully and thoughtfully. In addition, Chairwoman Smith noted that she has spoke with many people that were unaware they could get help with their Cobra medical premiums from the federal stimulus dollars and believed that was the type of thing that went right into the pocket of an unemployed worker. She thought those types of links could be displayed on the state's ARRA website to help the taxpayers of the state.

Mr. Clinger replied that those links could be added to the state ARRA website with little effort and no cost.

Concluding, Mr. Clinger said there were different ARRA websites similar to the state ARRA website and the total funding allocations awarded were displayed on each agency website. In addition, he noted that the ability to see the specific ARRA spending would be added by October 1, 2009, to the Nevada Open Government website, which allowed the citizens of the state to view state spending, whether ARRA or General Fund. He said that information would be linked from the main ARRA website page to the Nevada Open Government website and displayed by agency and vendor payments; however, it would not provide the status of a job or the specifics that were required under the 1512 federal reporting.

Chairwoman Smith wanted the record to reflect that the Nevada Legislature also had a link on their website for Nevada's ARRA funding and improvements were being made to that site to provide better links to the official ARRA websites.

Assemblywoman Leslie said she was reviewing the different agencies websites and noticed that some had more information than others. She received calls from the public wanting to know how much funding was coming in, how it applied to their business, and how to compete for the funding, and the only website she found so far with that type of information was the Department of Education website. She asked Mr. Clinger if someone would be in charge of quality control or working with the agencies to get a standardized format for more even representation.

Mr. Clinger replied that part of the requirements analysis study was setting standards for a consistent format for each agency on the minimum information that must be displayed on the recovery websites.

Assemblywoman Leslie said her concern was that the stimulus funding availability might be over before the standards were set and people would not get the information needed in a timely manner. She asked if a detailed plan with the standards would be presented at the November IFC meeting so it could be implemented soon. Mr. Clinger replied the department would have a plan to proceed with a more robust website to present at the November IFC meeting. In addition, the plan would include a detailed cost breakdown and the man hours needed to update the website. He noted that the limited resources were a huge factor for the department, and currently there was only one person working in IT to update the website. In addition, he had people in his office putting aside their regular responsibilities to maintain the database, which was only a fraction of the information they could be maintaining.

Assemblywoman Leslie replied that she was sympathetic to state government not having enough people to do the job that needs to be done; however, it one thing to just put up a website because it was required, and another to have a complete and useful website for the citizens of the state. She believed that the department had a good start with the resources available, but there were still a lot of missing links. Mr. Clinger concurred with Assemblywoman Leslie and would like to the see website ranked high like other states. When the plan was presented to the IFC, the components of the website the department was requesting would bring the state up in the ranking, provide better information and be a more complete and useful tool.

Mr. McTeer agreed with the concerns of Assemblywoman Leslie and said it was a juggling act between trying to do something quickly, which may not be right, versus taking enough time to do it right and somewhere in the middle was the right place and that was what he was searching for. He said there was the large IT component, but his concern as the responsible person for the website, was to ensure there was quality control to guarantee the data coming for the different agencies and sources were valid.

Chairwoman Smith commented that she would be happy to receive the “most improved player” award the next time the states were ranked. She said the reality in the ranking was that Nevada was at the bottom of the ranking with a large number of other states. She believed the state had a huge opportunity, and instead of just data, she wanted to focus on information that would help citizens of the state obtain jobs.

Mr. Clinger added that there were a lot of constituents calling for ARRA information because there was a belief that specific grants were available for citizens. He explained that most of the ARRA funding was running through existing formula driven programs. There were workforce development opportunities for citizens through DETR, which were

run with ARRA funding, but there were no specific grants for the average citizen to apply for.

Chairwoman Smith said the stimulus money was helping citizens by some of the programs that were being funded and it would be beneficial for those people to be directed to some of those programs. In addition, she wanted to ensure that the state ARRA website has a link to direct citizens to the Nevada 2-1-1 website.

Mr. McTeer added that he would look at the issues and concerns expressed at the meeting. He said many of the concerns were things that he believed the state Webmaster could apply to the existing website in a reasonably short period of time independent of the requirements analysis study.

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

Tracy Raxter, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, referred to page 75, [Exhibit A](#), and said he would provide a brief overview of the reporting requirements for Section 1512 of the ARRA. He noted that Guidance was issued by the Office of Management and Budget (OMB), Washington, D.C., in June 2009 regarding Section 1512 reporting that was required by the ARRA. He said the memorandum from the OMB states that the purpose of the ARRA reporting was to provide transparency in recovery act spending and help provide accountability for the timely, prudent and effective spending of ARRA dollars. Mr. Raxter said the Guidance issued by the OMB gets into a lot of detail as far as the mechanics of actually reporting that information, which he would not discuss today. However, he would review some of the major sections as far as the reporting timelines and the information that needs to be reported.

Moving to page 82, Mr. Raxter explained that Section 2.1 of the Guidance indicates that primary recipients were responsible for reporting all data required by Section 1512 of the ARRA, including data elements required for sub-recipients. Certain requirements can be delegated for primary recipients to their sub-recipients; however, there had to be a formal agreement to do so. Recipient reports were required to include the total amount of funds received and the total amount spent on projects and activities.

Mr. Raxter said that in addition, recipient reports were required to include a list of those projects and activities by name to include description, completion status, and estimates of jobs created or retained and also details on sub-awards and other payments.

Continuing to Section 2.2, based on current Guidance, the reporting requirements do not apply to funding received through entitlement or other mandatory programs except as specifically required by the OMB. The requirements do not apply to funding provided in Division B of ARRA, which includes the Trade Adjustment Assistance, Unemployment Insurance, Broadband Technology Opportunities program, Premium Assistance for Cobra benefits, or Health Information Technology.

Mr. Raxter directed the Subcommittee to pages 86 and 87, Section 2.3 where the basic reporting requirements were displayed. He noted there were over 20 to 25 different data reporting elements including the individual projects, the project grant period, the project description and status, amount of jobs created and other information. Mr. Raxter pointed out that each of the data elements may contain multiple data elements within them as required by the OMB. Primary recipients may require sub-recipients to report on the data elements as a condition of receiving payment. If the primary recipient does not delegate this responsibility to the sub-recipient, the two parties must develop a process by which this information would be prepared and reported. Mr. Raxter noted that one thing that had to be looked out for was to ensure that double counting by the primary recipient and the sub-recipient does not occur. States had the flexibility in the collection and submittal of the information, and would be up to the individual states to determine whether a central point within the state would be responsible for submitting the required reports or whether the individual state agencies would be doing the reporting.

Continuing with his presentation, Mr. Raxter said the Section 2.5 indicates that the information reported by the recipients would be submitted on a central Web portal ([www.FederalReporting.gov](http://www.FederalReporting.gov)). The reports of the recipients were required by the 10<sup>th</sup> day after the end of each calendar quarter, with the first reporting deadline set for October 10, 2009. In addition to the reporting required by Section 1512 of ARRA, recipients of federal reporting may also have to comply with additional program specific reporting requirements by individual federal agencies that issue the federal awards. Guidance and instruction on those requirements would be issued by the individual federal agencies involved.

Mr. Raxter said that Section 2.10 of the OMB Guidance states that the primary recipients and delegated sub-recipients that have not submitted a report by the end of the 10<sup>th</sup> day of calendar quarter would be considered non-compliant with the recipient reporting requirements. Federal agencies can penalize recipients for not complying with the requirements and no waivers will be granted for any recipients required to report under ARRA Section 1512.

Section 3.2 of the Guidance indicates that following the 10<sup>th</sup> deadline of the month and up through the 21<sup>st</sup> day after the end of the quarter, primary recipients would be responsible for reviewing the data they input into the system and that of their sub-recipients. Corrections could be made during that 11-day time period. The timeframe for federal review of the data would be between the 22<sup>nd</sup> day after the end of the quarter through the 29<sup>th</sup> day. During this period, the federal agencies would submit their review of the data and recipients could make corrections based on that submission by the federal government. In general, federal agencies would be reviewing the data for accuracy, completeness and timely reporting of the information. The reviews by the feds were primarily intended to avoid material omissions and significant reporting errors. On the 30<sup>th</sup> day after the end of the quarter, the corrected data would be available to the public on the main ARRA website, [www.recovery.gov](http://www.recovery.gov). Mr. Raxter said the reporting

that would be done by state agencies, recipients and sub-recipients would be cumulative and the first reporting due on October 10, 2009, would include funding from the day ARRA was enacted on February 17, 2009, through September 30, 2009. Each subsequent quarterly report was to reflect cumulative data since inception of the act.

Concluding, Mr. Raxter said Section 5 was information regarding jobs creation estimated by recipients. The primary recipients were required to report on the estimate of jobs created or retained by project and activity. A job created was a new position created and filled or an existing unfilled position that was filled as a result of ARRA funding. A job retained was an existing position that would have not been continued or filled if not for the ARRA funding. Recipients should only report on direct jobs and not on indirect or induced jobs. Employees who are not directly charged to ARRA sponsored projects, but that provide critical support, such as administrative staff, institutional review board staff members, or departmental administrators were not counted as jobs created or retained. The estimate of the number of jobs required by ARRA should be expressed as a full-time equivalent to recognize the difference between full-time jobs created and part-time jobs created. The jobs narrative should include a brief description of the types of jobs created or retained, either through listing of those jobs by job titles or broad labor categories. Lastly, Mr. Raxter stated that recipients must include in the aggregate number in the narrative description, an estimate of the jobs created and retained on projects and activities managed by the funding recipients including jobs retained by sub-recipients.

Chairwoman Smith acknowledged Mr. Harvey, who returned to the meeting after his conference call. She asked him if he was comfortable with where the state was currently in order to make the federal reporting deadlines for every area of ARRA funding received.

Mr. Harvey replied he had a sense of comfort of where the state was after discussions with the various agencies and accountability officers. He indicated that he would be meeting again in a few days with the agencies and accountability officers to do a last minute status check before the reporting deadline.

Mr. Clinger added that the agencies were required to send the Department of Administration their notice of grant awards, which was maintained on a database. A request was sent to all agencies to inform the Department of Administration whether they have registered with [www.FederalReporting.gov](http://www.FederalReporting.gov), the name of the contract person for the agency, which was matched in the current database of all the grants.

G. INFORMATIONAL ITEM – RESPONSES FROM THE DEPARTMENT OF EDUCATION AND THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION FROM QUESTIONS OF THE SUBCOMMITTEE AT THE AUGUST 3, 2009, MEETING RELATING TO ALLOCATION AND ADMINISTRATION OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING.

Chairwoman Smith directed the Subcommittee to page 117 of the meeting packet, [Exhibit A](#), which contained the responses to questions of the Subcommittee at the August 3, 2009, meeting regarding the ARRA education funding, particularly with homeless students and Title I funding. The Chair noted that she asked Dr. Keith Rheault, Superintendent of Public Instruction, to be present at the meeting in case the Subcommittee had specific questions on the items. In addition there was a representative from the Washoe County School District present at the meeting.

Chairwoman Smith asked Dr. Rheault if he was aware of a recent e-mail from parents from Clark County with concerns that they were not included in the process regarding the stimulus funding for autism children. She indicated the parents were planning a rally in the next few days regarding the issue.

Dr. Rheault replied the he had just heard about the e-mail from Legislative Counsel Bureau staff and staff was going to forward him a copy of the e-mail. He was unsure which ARRA funding the parents were concerned about. Chairwoman Smith asked Dr. Rheault if he could work with staff to figure out what was going on before the rally took place.

Chairwoman Smith noted at a recent meeting in Las Vegas, which she attended with Dr. Rheault and Secretary Arne Duncan, there was the announcement of a \$25 million allotment from the federal government, and she was hearing varying stories about how that money was going to be allocated. She asked Dr. Rheault for a brief update on the status of that allocation.

Dr. Rheault replied that the \$25 million allocation was a separate piece of the federal Title I School Improvement Grant. He noted the state received approximately \$2.0 million to \$3.0 million for this purpose in the past and the federal government combined the normal Title I allocation with some ARRA funding, so over a three-year period the state would receive \$25 million. In addition, there were stringent guidelines and the state was required to develop the formula to identify the schools that would qualify. The state was required to break the schools into three tiers. Tier 1 was five percent of the lowest performing Title I schools that were actually receiving money, which in Nevada was approximately 150 schools receiving Title I money. The lowest five percent would generate a list of about nine schools that were Title I, and part of the lowest performing schools that have been on need of improvement list for five or more years. Dr. Rheault said Tier 2 required that the Department of Education develop a list of schools that were Title I eligible but not receiving funding, primarily to address the lack of funding that went to middle and high schools. He said the same formula in statute was used to identify the most needy school remediation programs, which he thought would generate about 7 or 8 schools. Currently, there were approximately 15 and 20 schools that were eligible for the \$25 million over a three-year period. He said the schools could be funded at \$500,000 a year, but once the money was allocated to a school district, the school had the flexibility to take the \$500,000 per school and



give \$750,000 to one school and \$250,000 to another school. Therefore, the money would be limited and currently he believed they were looking at only 3 districts with schools that would receive some of that funding. He said the benefits statewide would be limited and only available to 15 to 20 schools. Dr. Rheault said the department has not released the final names of the schools because he was waiting for the final comment period to end in case the requirements changed.

Chairwoman Smith asked if there was flexibility in the way the state allocates the funding. In addition, she asked Dr. Rheault if he could provide a list of the districts he thought would receive the funding.

Dr. Rheault replied that he did not want to say which schools he thought would receive the funding because the federal government could change some of the priorities and once he puts it out there the districts believe the funding was definite. He hoped the federal government would give the districts more flexibility in identifying schools that need the funding, but do not fall under the strict criteria of how they were identified.

Chairwoman Smith asked if her thoughts were correct that there were three separate categories that made up the list of the 15 to 20 schools and it just happened that those 15 to 20 schools fell within three districts, so it was not the department's development of the rules, but the rules the federal government developed. Dr. Rheault replied that the department had some flexibility in the formula used to identify the Tier 2 schools – the schools not receiving money, but equivalent or could be considered equivalent to in need of improvement. He indicated that all the same categories were used – graduation rate performance on the high school proficiency exam, number of documented students that were economically disadvantaged, or the number of English language learners, so the department tried to build a comprehensive data base to identify the schools and from the preliminary list with the formula, the schools on the list were in need of improvement as well in the multiple years. He believed the department had a good formula and he planed to share the list to the public before it was made final for schools districts to comment and provide additional input. Dr. Rheault noted that he already received comment from Washoe County School District Superintendent as far as what the department needed to consider in the formula.

#### H. SCHEDULING OF FUTURE MEETINGS.

Chairwoman Smith asked the Subcommittee to provide staff their preference of the days and time for the meetings so a long-term meeting schedule could be set. In addition, she asked the Subcommittee to inform staff of the subjects or topics they would like considered at upcoming meetings and the agencies or local governments they would like to hear from at future meetings.

Chairwoman Smith directed the Subcommittee to a flyer from the Nevada Women's Lobby, ([Exhibit E](#)), titled Economic Recovery: What Women Need to Know. She noted a conference was being held on October 10, 2009, 9:00 a.m. to 12:30 p.m. at the

Washoe County Senior Center sponsored by the Nevada Women's Lobby from a grant received from the Department of Labor Women's Bureau. Chairwoman Smith said the conference gives woman the opportunity to learn about the programs available for them from federal stimulus funding. In addition, a second conference would be held in Las Vegas; however, at this time a date for that conference has not been established. She said if anyone needed addition information or wanted to register to go to [info@nevadawomenslobby.org](mailto:info@nevadawomenslobby.org).

Chairwoman Smith thanked staff members and Mr. Harvey for the information provided at the meeting. She believed the meeting was successful and reminded everyone the main focus of the Subcommittee was to help the citizens of the state to obtain and retain jobs.

I. PUBLIC COMMENT

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

J. ADJOURNMENT.

There being no public comment or business, the meeting was adjourned at 2:20 p.m.

Respectfully submitted,

\_\_\_\_\_  
Donna Thomas, Committee Secretary

APPROVED:

\_\_\_\_\_  
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.**