

**MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEE ON FINANCE
AND THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-ninth Session
March 13, 2017**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 8:05 a.m. on Monday, March 13, 2017, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Ben Kieckhefer
Senator Pete Goicoechea
Senator Becky Harris

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblyman Nelson Araujo
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblyman James Oscarson
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

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COMMITTEE MEMBERS ABSENT:

Senator David R. Parks (Excused)
Assemblyman Paul Anderson (Excused)
Assemblywoman Teresa Benitez-Thompson (Excused)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Joi Davis, Senior Program Analyst
Jeff Ferguson, Senior Program Analyst
Brody Leiser, Senior Program Analyst
Barbara Williams, Committee Secretary
Kurt Englehart, Committee Assistant

OTHERS PRESENT:

Angela Dykema, Director, Governor's Office of Energy
Suzanne Linfante, Energy Program Manager, Governor's Office of Energy
Brian L. Mitchell, Director, Governor's Office of Science, Innovation and
Technology
Robert J. Halstead, Executive Director, Agency for Nuclear Projects, Office of
the Governor
Vance K. Farrow, Executive Commissioner, State of Nevada Western Interstate
Commission for Higher Education
Jeannine M. Warner, Director, Office of the Western Regional Education
Compact, WICHE Program, Office of the Governor
Michael Spangler, Dean, School of Advanced and Applied Technologies, College
of Southern Nevada
Brian McAnallen, Government Affairs Manager, Office of Administrative
Services, City of Las Vegas
Frank R. Woodbeck, Executive Director, Nevada College Collaborative, Nevada
System of Higher Education
J. Kyle Dalpe, Ph.D., Interim Dean, Technical Sciences, Truckee Meadows
Community College

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Robert Wynegar, Vice President, Academic and Student Affairs, Western Nevada College

CHAIR WOODHOUSE:

We will begin with the Governor's Office of Energy.

ANGELA DYKEMA (Director, Governor's Office of Energy):

I would like to present an overview of our agency and our three budget accounts (B/A) 101-4868, B/A 101-4869 and B/A 101-4875.

ELECTED OFFICIALS

Governor's Office of Energy — Budget Page ELECTED-18 (Volume I)
Budget Account 101-4868

Renewable Energy Account — Budget Page ELECTED-22 (Volume I)
Budget Account 101-4869

Renewable Energy, Efficiency and Conservation Loan — Budget Page
ELECTED-24 (Volume I)
Budget Account 101-4875

As shown in my presentation ([Exhibit C](#)), the mission of the Governor's Office of Energy (GOE) is to ensure the wise development of our domestic renewable resources while promoting economic development. Our core functions are to encourage renewable energy production, energy efficiency and conservation, and the exportation of energy. A new policy area that we have been increasingly involved with is clean transportation and electric vehicles (EV).

I serve as both the Director of GOE and the Governor's Energy Advisor. Our agencies function as a facilitator for effective communications between key stakeholders and the Governor, as well as the policy body implementing the laws of the State as defined in *Nevada Revised Statutes* (NRS) Chapters 701 and 701A.

I want to note the goals included in Nevada's Strategic Planning Framework, which Governor Sandoval issued last year with input from cabinet members. This serves as the guiding document that provides direction and priorities to

State agencies. Our agency's specific goal is to become the Nation's leading producer and consumer of clean and renewable energy. The steps to get there are outlined on page 3 of [Exhibit C](#). An exciting new goal is to complete an electric highway system serving the entire State by 2020.

Our agency performance measures are a reflection of the programs we administer as well as our State energy policies and goals. The performance measures focus on increasing renewable energy produced in the State, reducing per capita energy consumption, reducing energy consumption in State-owned buildings and installing EV charging infrastructure along our State highways.

Our renewable energy generation continues to grow each year, well above the projections. That is in large part due to programs that attract renewable energy developers to the State, such as our renewable energy tax abatement, and the wealth of renewables that Nevada possesses.

The second performance measure reflects that 2014 is the last year that per-capita, energy-consumption data is available from the sources we have used previously. We have seen a decline, and we are proud to administer a number of energy-efficiency programs that should continue this decline into the future.

The third performance measure is the percent reduction in energy consumption in State-owned buildings, which has continued in a steady decline since the base year. Although we are just getting started on our EV infrastructure buildout, we have already made significant progress on it. We have a plan in place to ensure that this performance measure will also be met.

Page 5 illustrates our organizational structure. We are budgeted for 13 full-time-equivalent (FTE) positions. Our staff consists of three program managers, along with support staff, to support each of our key policy areas. We also have a public information officer, administrative assistant, grants manager and fiscal manager.

Page 6 illustrates the funding sources for GOE. We do not receive General Fund allocations; instead, we are funded through grants, renewable energy funding, revolving loan interest and application fees.

Budget account 101-4869 is our renewable energy account, which was established in 2010. It receives the State's portion of property taxes from renewable energy projects with approved abatements from 2011 to 2013. At that time, Assembly Bill (A.B.) No. 239 of the 77th Session ended that policy.

Thirteen projects received tax abatements from our office during this period. Those eligible projects that received abatements through the program are able to abate 55 percent of their taxes on real and personal property. The remaining 45 percent used to go to this office until 2013. The 13 projects that were approved from 2011 to 2013 will continue to provide revenue to the renewable energy account through the terms of their respective abatements, which are for 20 years each.

Today we are receiving approximately \$3.7 million annually from these 13 projects. Per statute, no less than 75 percent of the money in the account must be used to offset the cost of electricity or the use of electricity by customers of the public utility that is subject to the renewable portfolio standard, which in Nevada is NV Energy.

The money that has been accruing since 2011 has built up a healthy reserve over the years. It has only been in the last biennium that GOE started to administer programs to use the funds. Today, we use almost as much as the incoming revenue to administer various energy programs.

We have a number of energy-efficiency programs that GOE created to meet our mission of promoting energy efficiency and conservation. They were all in their infancy when we last presented to this Body. I am happy to say that they are no longer considered pilot programs.

The Home Energy Retrofit Opportunity for Seniors (HEROS) offers free energy efficiency upgrades to eligible senior citizens. It has served over 330 low-income seniors since inception, saving an annual average of 5,175 kilowatt-hours of electricity and 262 therms of natural gas. That amounts to an average savings of over \$900 per household, a significant amount for low-income populations. The program did so well in its first year that we went before the State Board of Examiners to increase our authority from \$600,000 to \$750,000 per fiscal year (FY). We have budgeted \$1.5 million over the biennium for this program.

The Direct Energy Assistance Loan (DEAL) program is also doing well. To date we have provided loans to over 120 State of Nevada employees for energy-efficiency programs in their homes. We have also budgeted \$1.5 million over the biennium for this program.

One of the new programs we have started to administer out of the renewable energy account is the Demand Charge Offset Program. This is actually a component of the larger Nevada Electric Highway joint initiative, which GOE also leads. The Strategic Planning Framework goal is to complete an electric highway system serving the entire State by 2020. To support this effort and add alternative fuel vehicles to the road, GOE is working with the Nevada Department of Transportation (NDOT), our electric utilities and small businesses across the State to expand our EV charging-station infrastructure. We started with U.S. Highway 95 to connect Reno and Las Vegas. We have two of the four charging stations completed along what is Phase 1 of the Nevada Electric Highway. Phase 2 will expand on the success of Phase 1, and place EV charging infrastructure along U.S. Highways 50 and 93, and U.S. Interstates 15 and 80.

As part of the Nevada Electric Highway, GOE has developed a five-year program called the Demand Charge Offset Program, as an incentive for businesses to participate. It is intended to offset any increase in demand charges that may occur as a result of hosting a direct current (DC) fast charger. Demand charges occur when the electricity usage exceeds a certain threshold and exposes the customer to a higher tariff, resulting in higher electricity bills. Working with the utilities, we have estimated what those monthly demand charges may be to the host site. To mitigate those costs, we have established an upfront cost-abatement payment to the host site, which is trued up at the end of each 12-month period for the first 5 years of operation.

Another program funded from this account is the Performance Contracting Audit Assistance Program (PCAAP). This program has matured and yielded significant energy savings. We have provided a number of incentives in PCAAP for six current performance-contracting projects, and there are many more coming down the pipeline.

We also administer our State-owned Building Energy Benchmarking Program, which helps us to meet one of our performance measures and reduces energy

cost and consumption in our State buildings. We finally have an Energy Management Information System for this program, which all of our State facility managers have access to in order to track and reduce energy usage in their buildings. We offered a number of training sessions over the last year for our facility managers to learn how to use the system.

I want to explain some of the projects we have supported through the reserves that have built up in the renewable energy account. These are one-shot projects that fit within our statutory goals. One such project was a student-led LED retrofit demonstration project in the Washoe County School District. In this project, GOE funded both an interior and exterior lighting project as part of the student's energy management plan focused on benchmarking energy optimization and reducing energy costs. It was a great opportunity to reduce energy consumption and produce energy savings for the school district while educating our students on the benefits of energy efficiency.

Another great example was the lower-income, solar-energy pilot program. By statute, all utilities in the State are mandated to provide up to one megawatt of solar energy at facilities that serve low-income communities. We partnered with NV Energy and provided a grant to allow for the installation of microinverters, which are a longer lasting technology. This reduced the cost of operations and maintenance associated with the photovoltaic panels. The entities in the program included such groups as the Boys and Girls Club of Northern Nevada, the Salvation Army, Veterans Village, Las Vegas Rescue Mission and the Ronald McDonald House of Las Vegas. None of these groups has the manpower or the capital necessary to do this type of project on their own.

Lastly, the Frontier Observatory for Research in Geothermal Energy (FORGE) is another project we are considering funding from the renewable energy account. It is a U.S. Department of Energy (DOE) initiative dedicated to expanding enhanced geothermal systems technology. This project currently consists of two sites, one in Milford, Utah and the other in Fallon. These sites are competing against each other for DOE funding of an underground field laboratory that would ultimately lead to significant reductions in energy costs for Nevada through the deployment of advanced technology that would more efficiently use our vast renewable resources. The Nevada team is requesting a cost match in order to complete the necessary exploration to fully characterize the resource and prove that Nevada has better geothermal resources than Utah.

The Utah team has received state funding. Our funding support would provide the competitive edge needed to ensure the Nevada site is ultimately selected. This would bring national recognition and economic benefits to our State.

ASSEMBLYWOMAN DIAZ:

Please provide an update on the DEAL program and how it was received by State employees. What types of efficiency upgrades have they been requesting through the program? Has the program met your expectations, and how do you measure its effectiveness?

MS. DYKEMA:

The DEAL program has been received very well. We have advertised it by sending out emails to all State employees and featured it in the Silver State Spotlight when the program launched. We have served over 100 State employees to date. You should have received a fact sheet with the eligible measures. The list includes duct sealing, air conditioner replacement, attic insulation and window replacement. If an employee requests it, our energy auditors go through the house and determine the best remedies to increase energy efficiency and decrease cost.

SUZANNE LINFANTE (Energy Program Manager, Governor's Office of Energy):

I manage the DEAL program. We found that, from the outset, many employees would say they wanted new windows or a new furnace. After they went through the energy audit, they discovered the most cost-effective measures with the largest payback might be duct sealing and insulation. We have found that State employees have been utilizing the full range of measures. I went through the program myself to see how it flowed. I ended up getting duct sealing, and added insulation in the subfloor and attic. My total cost was approximately \$2,500 and is being returned to the State via a \$50 payroll deduction.

When we created the DEAL program, we wanted it to be a benefit to State employees, and it has met our expectations. We have received positive feedback. We have not spent as much as I thought we would, since we are finding that many employees have been conservative in their choices. They can borrow up to \$6,000, but the average is about \$3,500 to \$4,500. We added a provision to our application saying that they had to choose recommended measures, which are the ones that will benefit them the most.

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CHAIR WOODHOUSE:

We do not have the fact sheet that you mentioned. Please provide it to the Committees.

ASSEMBLYMAN SPRINKLE:

I remember when the HEROS program was proposed, and what a good idea it seemed to be. Please tell us about the measures that people are taking and how GOE assesses the effectiveness of the program. How are people finding out about this program?

Ms. DYKEMA:

We will provide the fact sheets for both programs. We advertise the HEROS program with flyers at senior citizen groups. Southern Nevada has seen the highest participation. The program is set up in partnership with the Housing Division in the Department of Business and Industry. They use the same list of eligible measures. The program continues to receive applications every month, and we post monthly status reports on our Website.

ASSEMBLYMAN SPRINKLE:

Does the HEROS program do energy audits of the applicant's houses to identify the most efficient and cost-effective measures?

Ms. DYKEMA:

Yes, but we use the established framework already set up with the Housing Division and their community action agencies. They are the subgrantees of the program and they hire the licensed contractors to install the measures. They also do quality control checks after the projects are completed.

ASSEMBLYWOMAN CARLTON:

It sounds like these programs are working fairly well. Future funding of the program is still an issue. I had concerns about the DEAL program initially, and I still do. Can all State employees apply for the DEAL program, or just those on central payroll? Do we plan to expand the program to include employees who are not on central payroll? What is the process for choosing a contractor?

Ms. LINFANTE:

We would love to have the DEAL program be available to all State employees. The issue is who controls their payroll and their willingness to work with GOE.

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Last year we put out a request for information to all school districts, cities, counties, the Nevada System of Higher Education (NSHE) and the Legislative Counsel Bureau, among others. We tried to gauge interest and give them the parameters and best practices of the program. We distributed a questionnaire with about 12 questions, such as whether their payroll system would support a loan program, and we only got one response, which was negative. Without control over their management, payroll and human resources, we cannot force them to offer the program.

Initially, we did not allow State employees to choose their own contractor. We realized that some had a contractor they were more comfortable with, so we allowed them to provide their contractor to the subgrantee. The subgrantee then vetted them and acted as a project manager. Most of the users of the DEAL program are using contractors within the program.

ASSEMBLYWOMAN CARLTON:

How are the contractors in the program chosen?

MS. LINFANTE:

The community action agency subgrantee puts out a request for proposal from contractors annually. What they are looking for is the lowest cost bid, and they are using known contractors who are already established through their weatherization program.

ASSEMBLYWOMAN CARLTON:

Were there 74 loans administered last year?

MS. LINFANTE:

That is correct. There are more loans in process, but the number of loans derives from completed projects, after the employee has been set up on payroll deduction.

ASSEMBLYWOMAN CARLTON:

Do employees have 60 months to pay back the loan?

MS. LINFANTE:

The payback time is based on the amount borrowed, with 60 months being the maximum. Payments are \$50 or \$100 per month, based on the loan amount.

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ASSEMBLYWOMAN CARLTON:
Are all the contractors from Nevada?

MS. LINFANTE:
They are.

ASSEMBLYWOMAN CARLTON:
I have many questions about this program, and am concerned that it is only available to a small subset of State employees. I look forward to getting the fact sheet and figuring out what the future of this program might be when the dollars disappear.

ASSEMBLYMAN ARAUJO:
The Interim Finance Committee approved an extra \$150,000 for the HEROS program in October 2016. Please update us on the progress of the program.

MS. DYKEMA:
The first year of the program, we had a budget of \$600,000. Since inception, 376 homes have had energy efficiency upgrades, but I do not have the breakdown per year. Because it was so successful, the Housing Division indicated that they wanted to continue partnering with us to grow the program.

ASSEMBLYWOMAN TITUS:
How many EV charging stations are in operation and how often are they being used? Is there maintenance to them if they are not being used?

MS. DYKEMA:
Phase I of the program is along U.S. Highway 95 connecting Reno and Las Vegas. We identified four locations where we needed charging stations to accommodate the distance that the average plug-in vehicle can travel. There is an operational station at the Eddie World Candy Store and Gas Station near the entrance to Death Valley National Park in Beatty. Last fall, another one opened at the Fox Peak Station in Fallon. We have two more to go which should be completed by early summer.

We monitor usage on a monthly basis, as does NDOT. We have seen significant use, especially of the DC charger. The DC charger is a little more expensive. It requires three-phase power so the upfront capital to construct it is more than

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the level two charger. The reason both are needed is that not all EV on the road today can accept the DC charger. Part of our contract with the host businesses is that they will provide the operations and maintenance.

ASSEMBLYWOMAN TITUS:

The FORGE program could be a huge benefit to my district, but because of the \$1 million investment they are requesting I would like more detail when it becomes available. I would like to know how much progress the project has made and how GOE plans to spend the money.

Ms. DYKEMA:

We will be happy to provide details, as they are known.

ASSEMBLYMAN OSCARSON:

The first charging station on the Nevada Electric Highway was in Assembly District 36. I drive through there a lot. While many charging stations are branded with the Tesla brand, any EV can charge there, at no cost for the first five years. Once people are familiar with charging there, they will keep using it even after a cost is imposed.

Ms. DYKEMA:

Yes, charging is free for the first five years of operation.

ASSEMBLYWOMAN DIAZ:

Could you be more specific as to the usage of the charging stations?

Ms. DYKEMA:

I do not have the exact numbers with me today, but I will provide them to the Committees.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

How will the renewable energy fund be impacted as the property tax decreases?

Ms. DYKEMA:

In 2013, A.B. No. 239 of the 77th Session put an end to the continuation of funding for the account. Consequently, we do have a finite source of funding for GOE. Currently, we require approximately \$1.2 million for operations, a portion of which comes from the 25 percent bucket of the Renewable Energy

Account. As the 20-year contracts for each of the 13 projects expire, the revenue will continue to decline due to the depreciation of the property taxes. We will start using our reserves to cover the difference between the revenue and the operating costs. Our projections indicate that by FY 2024-2025 we will run out of reserves in the 25 percent operating account. At that point, we will have to consider using some of the 75 percent bucket of the account, the General Fund or other alternatives to continue funding GOE operations.

CHAIR WOODHOUSE:

Seeing no further questions, we will move on to B/A 101-4868.

MS. DYKEMA:

Our operating budget is B/A 101-4868. It is comprised of application fees from our tax abatement programs, revolving loan fund interest, federal grants and the 25 percent bucket of the Renewable Energy Account.

Since the last biennium, the three-year DOE State Energy Competitive Grant expired. We received a new grant that is a bit smaller, called the Renewable Energy Technical Assistance grant, through the U.S. Department of Agriculture.

Our last budget is B/A 101-4875, our revolving loan fund. It is funded from the American Recovery and Reinvestment Act (ARRA) of 2009, providing short-term, low-cost loans to developers of eligible renewable energy or energy efficiency projects in Nevada. The loan terms are 15 years with an interest rate of 3 percent or less. The interest from this account is used for administrative costs to support ongoing activities.

We have a number of loans in default status. All have summary judgements filed against them and have been referred to the Controller's Office for collection. In communication with the Controller's Office, we are working on determining whether we will continue the collections status or refer the loans for write-off. If we do determine that a write-off aligns with the goals of our office and the DOE, the loans will be written off in the next fiscal year.

It is worth noting that we have had a number of successful loans. Some have been paid back in full, while others are still making payments. For the first time in a long while, we are in the position to open up the program with \$1.2 million available to be loaned out. We currently have an open solicitation for projects.

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ASSEMBLYWOMAN CARLTON:

We have discussed the defaulted loans numerous times. Are any of the principals who have defaulted still doing business in the State?

MS. LINFANTE:

None of those companies are doing business in the State. We have had discussion with the Attorney General's Office regarding ways to bar them from receiving any State funds in the future. These loans also carried personal guarantees, so the summary judgements are not only for the companies but also for the individuals who ran those companies.

ASSEMBLYWOMAN CARLTON:

Do we know where any of the principals are?

MS. LINFANTE:

In some cases, we do. Most of them were out-of-state companies trying to set up a project within Nevada. Where we are able, we have also recorded the judgements in counties where the principals own property.

SENATOR HARRIS:

There appear to be three defaulted loans to the same company. Please explain why.

MS. LINFANTE:

Unfortunately, those loans predate current staff. I can only say there was an internal threshold of \$1 million, with director discretion. It would appear, at the time, the company submitted three different applications for three different projects and were granted the loans.

SENATOR HARRIS:

It would appear too much discretion was exercised.

MS. LINFANTE:

Yes, it would. I can only report that they were granted loans over the threshold.

SENATOR HARRIS:

What kind of a business was it?

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MS. LINFANTE:

The company was looking to locate biodigesters at dairies across the State.

SENATOR HARRIS:

Do you know if they were successful in any other state? Are they currently in business at all?

MS. LINFANTE:

From what I know, they were a Vermont-based company and had some success in Vermont. They were not successful in locating any biodigesters in Nevada.

ASSEMBLYWOMAN TITUS:

Is the individual approving these loans accountable in any way?

MS. LINFANTE:

We have made changes to improve accountability. Previously, there had not been any internal controls for the process of vetting the application. There was a lot of director discretion, and it appeared a lot of the evaluation committee members were staff. One of the changes we made is we started following the procedures for awarding contracts. In our internal controls, we refer to the statute and regulations for awarding contracts. Our evaluation committee is comprised of staff and outside agencies. Evan Dale, of the Administrative Services Division, sits on our committee to examine the financials of any applicant. There is a lot less independent, individual discretion. Our success is proven by the fact that we have not had a single loan fall into default since 2012.

ASSEMBLYWOMAN DIAZ:

What lessons have we learned in terms of loaning money? Are there other measures GOE has taken to ensure future recipients not only pay back their loan, but also pay on time?

MS. LINFANTE:

We have been much more conservative in determining who receives loans. The majority have been public agencies, which are safer. We have implemented a quarterly reporting requirement, and we do a site inspection to verify the information in their quarterly report.

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Ms. DYKEMA:

We can get you a list of the loan approval changes we have made, as well as the committee selection process.

ASSEMBLYWOMAN CARLTON:

These were ARRA funds, a federal program. There was a huge push to get the dollars out the door, and the haste probably added to the problem. Although these were not State dollars put at risk, the return on those dollars could have been used to reinvest in more projects. This was like an incubator on steroids with these federal dollars. That is why we should not do things quickly.

CHAIR WOODHOUSE:

We look forward to receiving the additional information you will provide to our staff. We will now hear from the Office of Science, Innovation and Technology (OSIT).

BRIAN L. MITCHELL (Director, Governor's Office of Science, Innovation and Technology):

I am here today discussing B/A 101-1003 budget presentation ([Exhibit D](#)). The OSIT office was resurrected in the 78th Legislative Session. The mission of this office is to direct the Governor's strategies for science, technology, engineering and mathematics (STEM) education and workforce development. It also coordinates broadband development throughout the State.

Office of Science, Innovation and Technology — Budget Page ELECTED-31
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Budget Account 101-1003

The first five strategic priorities of OSIT, seen on page 4 of [Exhibit D](#), come from the Governor's Strategic Planning Framework. The last two were added by our office. In particular, we want to increase the numbers of underrepresented groups participating in STEM education and STEM fields, and to increase awareness of opportunities in STEM among students, teachers, parents and businesses.

We are a small office with four FTEs. Our activities can be seen on page 6. Page 7 discusses the STEM workforce challenge grants. The purpose of these grants is to spark the creation of lasting partnerships between STEM industry

employers and the workforce training providers. The grants must align with those needs and be focused on middle-skill STEM jobs, which are defined as those requiring an associate degree or less. Only start-up costs are provided by OSIT, and we are looking for programs that will become sustainable. Our applicants must provide a diversity action plan to discuss how they will reach out and recruit from underrepresented populations. We have worked with the Governor's Office of Economic Development (GOED) to develop a list of priority STEM occupations based on the workforce development needs that we have.

We funded 21 new programs in the current biennium, with a total training capacity of 853 students. The average starting wage of these occupations is over \$52,000, which exceeds both the average wage for the State and the average wage for individuals with a similar level of education.

When we came before this Body last Session, we placed two constraints on our grant program. The first was a \$150,000 cap on each grant. The second was the requirement that there be a one-to-one match. In consultation with our grantees, particularly those from NSHE, we felt these two constraints limited the options too much. We have made the decision to increase the cap on our awards to \$500,000. This will allow for more innovation and allow new programs to be funded in their entirety, rather than having to phase them in. The No. 1 complaint we heard from our grantees was that the match requirement was simply too onerous. An extensive review of federal grant requirements found that none required a one-to-one match, while most were between 10 percent and 50 percent. Because we want to incentivize capital expenses, rather than programmatic expenses, we are now requiring a 10 percent match for capital expenses and a 25 percent match for programmatic expenses.

Our STEM Advisory Council is run by OSIT and has recently completed the Statewide Strategic Plan for STEM and developed a number of subcommittees to implement the different recommendations. The Advisory Council recognizes students and up to 15 schools each year. We are currently doing site visits to schools that have applied to be designated a Governor's STEM School. We have two events coming up in May to recognize students who have done great things in STEM. There is a requirement that these events be held at an institution of higher education. We do not currently have any funding to fund these events. In the last Session, the arrangement was made that the funds would come out of

our broadband account, which is Category 11. An unexpected expense that we had not anticipated was being charged by the institution of higher learning where the event was held. This was a completely reasonable request, so we will have to build in funding for that in the future.

The Governor proclaimed the 2016-2017 school year as the "Year of STEM." Our goal was to raise awareness of STEM education, reduce the skills gap and increase equity in STEM. The Year of STEM is the main reason we have created our STEM Hub Website. Page 14 of [Exhibit D](#) lists the monthly events and areas of focus for the Year of STEM.

Pages 16 through 22 are screenshots from the Nevada STEM Hub Website. The Website is a comprehensive career guide based on career data from NSHE, the Department of Employment, Training and Rehabilitation, GOED and K-12 data. Students can select their passions, their skills and the industries that interest them. The site then returns a number of career matches they can explore. Once they have chosen a career to explore, the Website will tell them the skills, knowledge and abilities needed for that career, the range of wages, employment projections for that job and similar careers they may wish to explore. The Website will show them the educational pathway to follow for that particular career. There are also links to various institutions of higher education that offer that particular program. Lastly, the Website provides the information regarding how many people at each degree level there are in a particular field.

The Office also serves as grant manager and staffs the Graduate Medical Education (GME) Task Force. The \$10 million in grant funds in the last biennium were not in the OSIT budget, but in the Department of Administration's budget. We managed the grant process and 304 new GME positions were funded.

If education and workforce development is half of OSIT's focus, the other half is broadband development, which is Category 11 of our budget. We have a current contract with Connected Nation in which we are working on last-mile and middle-mile mapping, community outreach and implementing various recommendations from the State Broadband Action Plan. The Office also staffs the Nevada Broadband Taskforce. This Taskforce made nine recommendations to the Governor. One of the recommendations involves dig once/joint trenching and fiber optic trading policy, which will be addressed in [Senate Bill 53](#).

Senate Bill 53: Revises provisions relating to the installation, operation and maintenance of telecommunications facilities. (BDR 18-234)

A second recommendation from the Taskforce concerned the E-rate, which is the commonly used name for the Schools and Libraries Program of the Universal Service Fund. The recommendation was to explore ways to improve Nevada's draw down of E-rate and better leverage this federal program to connect schools in the broader community.

E-rate provides discounts to school districts of up to 90 percent to help connect eligible school districts and libraries. It is a \$4 billion program that can fund a connection to the school, connections within the school and ongoing service fees. Elementary, secondary schools, and school districts, as well as consortia, or groups of entities, are eligible to apply.

Page 26 of [Exhibit D](#) illustrates how Nevada compares to neighboring states in E-rate funding. Utah receives more than 90 percent of the E-rate funds they apply for. Historically, Arizona only received less than 40 percent of what they asked for. In 2015, they received 80 percent. In Nevada, not only do we receive a smaller percentage of what we ask for, but we apply for less and receive less money overall.

Based on these statistics and a review of best practices, OSIT has proposed the Nevada Connect Kids Initiative and Governor Brian Sandoval announced it in the State of the State address. This initiative covers Category 18 and Category 11 in our budget. Category 18 is a transfer of \$1 million in each year of the biennium of the Wide Area Network (WAN) Incentive grant from the Nevada Department of Education (NDE) to our budget. These funds will support school district's applications and draw additional E-rate funding. The Category 11 funding is existing funding in our budget that we plan to shift from our work in mapping to provide customized technical assistance to school districts.

The Federal Communications Commission (FCC) has essentially put broadband infrastructure on sale for a limited time. We hope to be able to take advantage of this. For broadband construction projects that qualify, the federal government will provide an additional match, if the State provides a match. Page 28 shows an example. Washoe County School District is a 70 percent E-rate discount district, meaning that for an approved \$100,000 project, the E-rate program

would pay \$70,000 and Washoe County would pay \$30,000. The federal government determines the discount percentage based on the district's free-and-reduced-price lunch percentage. It is a measure of poverty.

Under the matching program, if the State contributes a 10 percent match, then the federal government will contribute an additional 10 percent match. The district's share is then reduced from \$30,000 to \$10,000. To continue the example, if Washoe County then used the \$20,000 they had saved to fund two more \$100,000 projects, then, with a \$30,000 contribution from the State, we would have drawn down \$240,000 of federal E-rate funds.

Clark County School District is an 80 percent E-rate discount district. If Clark County collaborated with us on a project, and the State contributed 10 percent, the federal government would contribute an additional 10 percent, for a total of 90 percent. Clark County School District would pay nothing. This state match is very important to leverage E-rate dollars and build out better connections to our schools throughout the State.

The second part of our Nevada Connect Kids Initiative is customized technical assistance to districts. We found the various school districts need technical assistance, and they contract with E-rate consultants that are often out-of-state. The reason Arizona jumped from 37 percent funds received to 81 percent funds received was that they began providing customized technical assistance to the districts on a state level. If districts requested it, the Arizona state broadband coordinator provided help filling out the applications, architecting solutions or simply acting as a second set of eyes to an E-rate application and giving suggestions for improvement.

In looking at other state's best practices, OSIT feels transitioning from mapping to providing technical assistance to school districts is the best way to improve our draw-down from E-rate funds to something close to 80 or 90 percent. We will provide a menu of options for school districts, including application assistance, designing connections to the schools or within the schools, building consortia and leveraging buying power to the extent that districts are willing to engage.

The Governor's recommended budget for OSIT reflects an increase from the transfer of WAN grant funding and the restoration of STEM grant funding.

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Decision unit E-275 of B/A 101-1003 requests funds to continue development of the STEM Hub Website. Decision unit E-276 re-establishes funding for STEM Workforce Challenge Grants. Finally, E-907 transfers WAN funding from NDE Other State Education Programs B/A 101-2699 to OSIT B/A 101-1003.

E-275 Educated and Healthy Citizenry — Page ELECTED-33
E-276 Educated and Healthy Citizenry — Page ELECTED-34
E-907 Transfer From BA 2699 To OSIT — Page ELECTED-34

EDUCATION

K-12 EDUCATION

NDE - Other State Education Programs — Budget Page K-12 EDUCATION-19
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E-907 Transf From BA 2699 To Osit — Page K-12 EDUCATION-23

Decision unit E-275 of B/A 101-1003 supports the continued work of the Website. This aligns with the Governor's Year of STEM objectives to expand the availability of STEM-focused career pathways and training, and to increase student proficiency, enrollment and attainment rates in STEM-focused coursework and programs. The funds will further leverage existing federal funding to expand the reach of Nevada's statewide longitudinal data system. The funding request is \$25,000 in each fiscal year. The scope of work with our existing contractor is detailed on page 33 of [Exhibit D](#). The funding would pay for communications, outreach and targeted marketing on social media to parents, teachers and students. It would also provide for continued Website hosting fees, security upgrades and building content. We hope that the Website will be a resource to teachers and students interested in STEM careers.

The last pages of [Exhibit D](#) are the performance measures for OSIT.

ASSEMBLYWOMAN SWANK:

What kind of analytics are you using to evaluate the Website? How many users access it, how many pages are they seeing and how long are they staying?

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MR. MITCHELL:

We began an extended marketing campaign in February 2017. From the time the Website was launched in September 2016 through January 2017, publicity was mainly word of mouth. During that time period, we were receiving between 50 and 100 visits per day. The marketing campaign was funded with federal grant money, but I do not have any results yet.

ASSEMBLYWOMAN SWANK:

I would like to see the analytics. Site visits of 100 per day are pretty good, but what are they looking at and how long are they staying? That would be helpful information. Tell me more about the marketing you are doing.

MR. MITCHELL:

Most of the advertising we plan to do is digital. We have a local contractor that advises us digital marketing is more effective than television, radio or other more traditional methods. Digital advertising can be more targeted at subgroups of students and parents.

ASSEMBLYWOMAN SWANK:

Are you Geofencing certain events? How are you targeting the digital advertising?

MR. MITCHELL:

Because it just began, I do not have the details of that marketing. I can get together with the marketing team and get back to you with the specific strategies. I know they are advertising on a variety of different social media platforms.

ASSEMBLYWOMAN SWANK:

I would appreciate that information.

ASSEMBLYWOMAN DIAZ:

I am concerned that if we go strictly digital, we will not reach certain groups. The school my son attends conducts all the communication on paper. Not all communities are created equal; not all communities have access to the internet or the devices that access it. I want to make sure that there is equity in terms of getting the information out to all communities. When you live in a lower

socioeconomic strata, you might not be able to access this type of information, but it does not mean your children should not benefit from it.

I would challenge you to make sure that we are encompassing everybody. I think the Latino community would benefit from some advertising on Spanish television, especially during the news broadcasts. I would encourage OSIT to look at the diverse nature of our State and make sure that we are trying to reach all populations.

MR. MITCHELL:

One component of our strategy is paper. The marketing firm is designing flyers that we plan to distribute to schools for posting. We would not be sending them home in backpacks, but schools could choose to do so. I will investigate what options we might have on Spanish television.

CHAIR WOODHOUSE:

Are you working with principals in the school districts? Are you including curriculum specialists at the district level? The curriculum specialists in Clark County have tools to help them communicate directly with teachers. I urge you to look at those possibilities as well.

SENATOR DENIS:

Please explain why you think the cap on STEM Workforce Challenge Grants needs to be increased. What successes have you seen under the \$150,000 cap?

MR. MITCHELL:

One success was funding Truckee Meadows Community College (TMCC), in partnership with Switch, to develop a commercial data center engineering technician program. No such program existed in northern Nevada. Switch was building their data center at the Tahoe Reno Industrial Center (TRIC) and needed workers. The grant we funded was for approximately \$150,000.

One reason we feel the cap should be raised is the cost of equipment. The \$150,000 that TMCC received did not cover all the equipment they needed. They had to enroll students prior to having the program totally in place. In advanced manufacturing industry sectors, equipment costs can be quite high. In order to build out a program, \$150,000 was not always enough. At times, the

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lower amount purchased only enough equipment to train 10 students, when the actual demand was for significantly more. If we had a higher cap, we could fund programs that had a greater breadth of learning or could serve a greater student population.

I do not anticipate suddenly receiving a bunch of applications for \$500,000. In fact, many of our funded grants were for significantly less than \$150,000. We feel the higher cap would provide us the flexibility to meet the needs of certain programs. The prior cap was never in statute, but was simply a number we had given to you in previous testimony.

SENATOR DENIS:

Are you collaborating with other workforce development programs such as Workforce Innovations for a New Nevada (WINN)?

MR. MITCHELL:

Some of the programs in the State that fund workforce development have different focus areas. Our grants specifically focus on STEM fields and STEM workforce industries. Our focus is also on associate degrees and below. That focus is important because there is a misconception that STEM industry careers require a Ph.D. or a master's degree. The WINN funding is more of an economic development tool focused on an individual company. Our focus is on the broader industry sector. There is a member of GOED on the OSIT grant application review team. We do coordinate with them so as not to duplicate efforts.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Do the applicants for the STEM grants come to you, or do you seek them out?

MR. MITCHELL:

We issue a request for applications, allowing for a certain amount of time for applicants to submit. Then the grant review committee reviews the applications based on a set of criteria that we have developed. We fund the applications that meet our criteria.

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ASSEMBLYWOMAN BUSTAMANTE ADAMS:

My concern is that southern Nevada received only about 30 percent of the nearly \$2 million awarded. Does that mean that the entities in southern Nevada are not applying?

MR. MITCHELL:

We have received fewer overall applications from southern Nevada despite my efforts to solicit applications. We will continue to do outreach, but we ultimately have to consider the applications we receive and their quality. Overall, we fund about 50 percent of the applications we receive, but it seems that a higher percentage of those received from Clark County get funding.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

How many of the eight members appointed by the Legislature to the STEM Advisory Council are from southern Nevada?

MR. MITCHELL:

One of the requirements of the STEM Advisory Council is that it be geographically balanced between north, south and rural. Of the total 15 members, approximately two-thirds are from southern Nevada.

ASSEMBLYMAN SPRINKLE:

Please clarify the differences between the STEM Workforce Grants and the WINN funds. My recollection was that we diverted funds from this program to WINN in a past session.

MR. MITCHELL:

The biggest differences between the WINN program and the STEM program are in the focus of the grant, who the grant is going toward and the type of programs that they are funding. Our grants are exclusively in STEM fields, while WINN focuses more on broader economic development. A second difference is that the WINN fund can focus on areas that require a higher-level education, while we focus exclusively on middle-skill STEM jobs, below a bachelor's degree.

As I understand it, the WINN fund targets specific companies, like Faraday. If a company is looking to locate in Nevada and has specific workforce needs, then GOED has the WINN fund develop a specific workforce training program.

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The OSIT grants are company-agnostic and are geared to an industry. In my previous example, TMCC partnered with Switch on the data center engineering technician program. Certainly, the program will be very beneficial to Switch, but graduates from the program will be able to work in any large commercial building. Previously, TMCC had only an active residential program. Graduates from the new program will be able to work in an Apple data center, for example, or dealing with the HVAC needs of a large building like Tesla's at the TRIC.

ASSEMBLYMAN SPRINKLE:

Where are we seeing the most demand for training? Is it specific to companies or broadly based around the State?

MR. MITCHELL:

I would say the answer is both. There is definitely a broad need for workers in certain industries, such as nursing or information technology or cybersecurity. There are many different firms within those industries. Rather than train workers just for University Medical Center, we train workers in nursing who can work at any hospital. If a hospital was opening or adding facilities and they needed a very specific type of nurse, WINN funds might be better applied.

ASSEMBLYMAN EDWARDS:

It looks like we are losing tens of millions of dollars in potential E-rate funds. How can we do a better job of capturing these funds?

MR. MITCHELL:

Eligible applicants for E-rate funds are school districts, not the State. To date, the State has not been as involved in the process as some other states have been. We are seeing the trend in other states to offer technical assistance in applying for E-rate funds. Every school district is different. Clark County School District has very different staff from our rural districts. With the technical assistance aspect of our Nevada Connect Kids Initiative, we will be able to help districts draw down more funding through our help with their applications. As you can see from my presentation, we may apply for \$10 million and only receive \$5 million because the federal government rejects some of the applications. They can be rejected for incompleteness, technical errors or poor quality. If we can provide districts with assistance in their applications, we

envision increased application approval. The application is cumbersome and some districts simply do not have the internal capacity for it.

The second part of our plan is to use the State match to leverage additional federal funds over the next few years. Let me give you an example. Suppose Clark County had two projects for \$100,000 each, but they only had \$20,000 to spend. They would have to pick which project to do. If the State contributed a \$10,000 match, the federal government would contribute an additional \$10,000. Therefore, Clark County would have one of the projects done with no expense on their part. They could then take that \$20,000 and apply it to the second project. A \$20,000 investment from Clark County and \$10,000 from the State would result in \$170,000 federal dollars.

ASSEMBLYMAN EDWARDS:

So given the enormous need we have in Clark County, a \$10 million investment on the part of the State could reap hundreds of millions from the federal government.

MR. MITCHELL:

The more money you put in, the more money you get out, up to a point. It is not a guarantee that submitting an E-rate application gets you a funded project. There has to be a need that meets the parameters of the program. Utah, which is the gold standard for this program, receives 90 to 95 percent of what they ask for. With the \$2 million that we are requesting in the budget, we will be able to receive a whole lot more than we have in the past.

ASSEMBLYWOMAN CARLTON:

We have to remember that the math does not always work exponentially; you do have to apply for and be given the grants. Do you know what schools and libraries are eligible to receive E-rate funds but have not? "I want to understand where the ask is and what we can do to help with the ask." Since you are asking that the money come to you from NDE, is that the best leverage point?

MR. MITCHELL:

Each school and library in the State is eligible to apply for E-rate funds. What they can apply for depends on what their needs are. We have been working on identifying the top priority needs. Sometimes school districts apply and sometimes they do not. I think the goal would be to improve the applications of

the school districts that do apply, so that they will draw down more funding. We also want to help the school districts that are not applying to better architect their needs so that they can apply for funding. Having an engineer on staff that can go on-site to the school and work with them will enable a school to better design the request.

The Nevada Department of Education is primarily concerned with what schools can do after they are connected. Our office is more concerned with getting the schools connected. In talking with NDE, the agreement was reached that these funds best reside at OSIT. Another advantage that OSIT has is that it is situated in the Governor's Office, where we can see all the different State agencies. Enterprise Information Technology Systems, NSHE and NDOT all have fiber optic assets and customers to serve with that fiber. We also work a lot with the different telecommunication providers. If we are able to leverage E-rate funding to connect a school, we may be able to take that connection, connect the sheriff's office in that town, and use that connection to incentivize a telecommunication provider to provide better internet throughout the rest of that community.

SENATOR DENIS:

Is the E-rate based on the poverty level because it is trying to create parity between communities that have versus those that do not have?

MR. MITCHELL:

Yes, it is. The way a school district's E-rate percentage is calculated is based on the entire district's free-and-reduced-lunch percentage. There are certainly areas of Clark County School District that have higher levels of poverty, but the district as a whole averages 80 percent. We have some districts with a 60 percent rate. The State as a whole is about 70 percent.

SENATOR DENIS:

You have talked about the advantages of OSIT leveraging the E-rate funds. Are you anticipating doing something different? Will you be able to secure more funding? How will it work?

MR. MITCHELL:

We are going about this much differently than NDE. They were not using this funding to leverage E-rate monies, but advertised it to districts as something

they could apply for if they wanted to. We realized that we were missing a huge opportunity for more federal funding.

SENATOR DENIS:

What did Arizona do in one year to jump from 37 percent to 81 percent in funds received?

MR. MITCHELL:

Arizona did what we hope to do. They started to work from a state level to help individual school districts. They hired a technical expert in E-rate and broadband infrastructure. This individual travels the state and holds seminars on tricks of the trade in applying for E-rate. If districts want to work with him, he will evaluate their applications or actually help write them. We feel if we follow this model, we can greatly increase the amount Nevada applies for and receives. We want to be prepared to offer the level of help that the district needs. Where it makes sense, I think we can bring together different districts and centralize the request. In this way, we may be able to connect more schools for less money.

SENATOR DENIS:

You are asking for \$1 million per fiscal year. How much do you anticipate we will get back?

MR. MITCHELL:

That would be very hard to calculate at this point. It would depend which district we were working with since they have different discount percentages. It would also depend on the cost of the individual project.

SENATOR DENIS:

Do we have to continue putting in the \$1 million each year, or do we reach a point where everyone has broadband and the investment is no longer necessary?

MR. MITCHELL:

I expect this will be an ongoing cost if we want to be able to continue to build out. I think there is a greater need than there is funding available. The appetite for broadband is growing. As technology changes, it requires more broadband with greater capacity. There will be an ongoing need to continue to develop broadband. The connection that a school had five years ago probably is

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insufficient today, and it certainly will be insufficient five years from now. The hardest work is the initial connection for a community. Once a community is connected, it is easier to add capacity. If you do not have fiber in your community and you are relying on copper wire or a microwave signal, then you will always be behind.

SENATOR DENIS:

Is there a report that shows the current status of fiber optics in all of our communities? I know that NDOT is running fiber along the highways. Do we have an understanding of the connectivity around the State?

MR. MITCHELL:

The work that we are doing with NDOT is a part of this. If we are able to leverage E-rate money to connect communities and use NDOT's right-of-ways, that is the most cost-efficient way to bring connectivity to different communities. We have a pretty good idea right now of the level of connectivity of various schools, whether it is a school in the middle of Las Vegas or in Eureka. From here, it is about finding different solutions to different school's needs. If it is a community that does not have internet, we can use E-rate to fund most of the construction costs to bring broadband to that community. Right now, a broadband provider may say it is not cost efficient to build out to a low-population community, but if the school gets connectivity, paid for with E-rate, the provider may now find it worthwhile. That is how we will use the E-rate money to build out connectivity, not just to the schools, but ultimately to businesses, county offices and homes.

SENATOR DENIS:

Is any of the funding we are putting into NDOT's broadband installation able to be used as matching funds for E-rate?

MR. MITCHELL:

I will consult with NDOT and figure out if those funds would be eligible.

SENATOR DENIS:

Are libraries also eligible for E-rate funds?

MR. MITCHELL:

Yes, libraries are definitely eligible.

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SENATOR GOICOECHEA:

Last Session we put over \$1 million into the Connect Nevada program. How successful has that been? I represent the rurals and I know that we have fiber in some spots. How will that match up with your current broadband efforts?

MR. MITCHELL:

Last Session we helped NDE design a request for proposal to utilize the entirety of the funding. Individual districts applied for funding and the money was used for some important projects that resulted in improved connectivity. What was missing from those grants was a broader perspective of growing the broadband statewide. There was no collaboration between municipalities, rural health clinics and the like. I believe OSIT will be able to bring that broader perspective to the table.

SENATOR GOICOECHEA:

I thought that was what we were doing with Connect Nevada. Are you saying that we did not get there?

MR. MITCHELL:

I think Connect Nevada has done a great job of outreach within communities. They have also been helping us with mapping information, which helps us understand where our assets lie and how we can best use those assets to make additional connections.

SENATOR HARRIS:

When trying to leverage E-rate funds, do you identify the projects first?

MR. MITCHELL:

Schools have the option of applying for funding to connect their school or funding to build out their connection within the school. If a school has a connection, but no Wi-Fi, children will be unable to use their devices. E-rate funds can also be used to pay for their monthly service fees.

SENATOR HARRIS:

If the E-rate application is not approved, who pays for the project? Are the projects scuttled?

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MR. MITCHELL:
The projects are not funded.

SENATOR HARRIS:
The project would not be done at all.

MR. MITCHELL:
For the most part, that is correct. Keep in mind that E-rate would pay the lion's share for that project. In almost all cases, the school district would not move forward with the project without the E-rate funds.

SENATOR HARRIS:
So our disadvantaged communities continue to be disadvantaged, if we are not getting our E-rate funding.

MR. MITCHELL:
That is correct.

ASSEMBLYWOMAN TITUS:
One of your performance measures is to collect baseline data on school broadband adoption. How far along have you gotten? Is there a roadmap showing the breaks in that connectivity? I know there are schools in my rural area that lack adequate connectivity. I would like to see a visual representation of that. What is the measure we are trying to set? How far do we need to go to get there?

MR. MITCHELL:
I would be happy to provide a visual representation in the future. The FCC establishes minimum connectivity levels for schools. Our goal is that every school meets those minimum levels.

CHAIR WOODHOUSE:
Thank you, Mr. Mitchell. Please provide to staff a list of members of the STEM Advisory Council along with their geographic areas. Please provide a list of the members of your STEM grant evaluation team as well.

Let us move on to the Agency for Nuclear Projects.

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ROBERT J. HALSTEAD (Executive Director, Agency for Nuclear Projects, Office of the Governor):

The Agency for Nuclear Projects provides staff and support for the Commission on Nuclear Projects, which is chaired by former U.S. Senator Richard H. Bryan. The Agency has been representing the State on matters related to Yucca Mountain since 1985. Throughout that time, our work has been strongly supported by statewide elected officials in the Legislature. We ask for your continued support today.

My presentation, "Yucca Mountain Overview" ([Exhibit E](#)), is designed to bring you up-to-date with what happened in Washington, D.C. last week and what we think will be happening over the next few months.

CHAIR WOODHOUSE:

Please give us your budget overview. I ask all the Committees' members to take a look at the presentation.

MR. HALSTEAD:

Budget account 101-1005 is the Nevada Agency for Nuclear Projects. The Agency's request for FY 2017-2018 is \$1,896,525 and \$1,850,268 for FY 2018-2019. This request is a level funding from our base budget, with the exception of Category 3, out-of-state travel, and Category 10, contractual service with technical experts for Yucca Mountain licensing. The increases in both categories reflect the resumption of the licensing proceedings over the last three years and what we expect to happen over the course of the upcoming biennium.

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Out-of-state travel anticipates resumption of Nuclear Regulatory Commission (NRC) hearings. The request is for \$4,066 in each year of the biennium. This will allow us to double the amount of in-State travel that our technical program administrator and I do. This would primarily involve work with Clark County, where we have some shared licensing contentions.

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The Category 10 request is for contractual technical experts in crucial disciplines. We have 218 admitted contentions in the licensing proceeding. In addition to the legal expertise required, these contentions require highly technical work by, in some cases, internationally recognized experts. This request is to support the ongoing technical work, development of new contentions, preparing expert witnesses and support for the deposition process. The request is for a total \$695,000 for each year of the biennium. This represents what we think we will need in a restarted licensing process. The amount and timing of funding for DOE and NRC activities in Washington is unclear. We expect a new continuing resolution around the end of April for the months of May to September. There may be \$100 million or more appropriated for federal work on this project. As of last Thursday, the Chairman of the Appropriations Committee in the House of Representatives publicly stated that he would get the money by October 2017, if not before.

We also have a small request for funds to upgrade some computer software.

SENATOR GOICOECHEA:

Are any of the accepted contentions submitted from White Pine County or Lincoln County?

MR. HALSTEAD:

We are only discussing the State's 218 admitted contentions, including about 9 that are shared with Clark County. There are concerns with rural counties that have contentions that need to be addressed that may or may not be included in the federal funding. The bill that the House Appropriations Committee voted on last year included some funding that seemed to be intended for Nye County and had some severe restrictions on it that would not necessarily have helped. I would expect the rural counties to be communicating with the Nevada Congressional Delegation. In the event there is a resumption of federal funding, they will need State funding to carry their contentions. If that does not work, we can come back at some point in the future and talk about the possibility of some assistance from the State.

SENATOR GOICOECHEA:

We have some rural counties that have accepted contentions but no funding to help them carry forward.

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ASSEMBLYMAN SPRINKLE:

Aside from representation in the courts as the licensing process progresses, what other expenses is the State potentially looking at? Do these expenses come in the form of mandates from the federal government?

MR. HALSTEAD:

Our budget request is paired with a budget request from the Office of the Attorney General (AG). Taken together, those two budget requests are approximately \$3.7 million per fiscal year. Out of that total funding, about \$1.7 million per fiscal year is for legal services from the AG. The expert work involves some contract witnesses on licensing contentions and transportation. Of the roughly \$1.9 million asked for by our office, roughly \$1.2 million is directly related to the licensing proceeding. The rest of it is all the other things that we do, such as monitoring federal programs, regulations, assisting the Congressional Delegation with the development of legislation and comments on federal agency documents. When a document comes out under the Administrative Procedure Act, it is important that we file comments we may need to use later in contention. The State has five outstanding lawsuits in State and federal courts, some of which could end up being very important down the road.

ASSEMBLYMAN SPRINKLE:

Is it fair to say that there could be other unexpected expenses coming as this licensing process continues?

MR. HALSTEAD:

The last time DOE estimated what they would need for licensing, they estimated \$1.7 billion over several years. The NRC has estimated they need \$330 million for the regulatory proceedings. Maybe we are just not asking for enough right now, but we honestly feel we can represent our interests well over a 4 to 5 year proceeding for \$8 to \$10 million per year. We would assume, based on past precedent, that as much as 50 percent of that would come from federal funds, but there is no guarantee that will happen. We did not demobilize when the project looked to be dead, which has proven to be the prudent action.

CHAIR WOODHOUSE:

We will now move on to the Western Interstate Commission for Higher Education (WICHE).

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VANCE K. FARROW (Executive Commissioner, State of Nevada Western Interstate Commission for Higher Education):

The Commission consists of 16 western states and two territories in the Western Pacific. Regional WICHE administers membership in the Western Regional Education Compact and is a congressionally chartered organization governed by three gubernatorial-appointed commissioners from each state to facilitate resource sharing among higher-education systems.

Our Nevada WICHE office serves Nevadans who are seeking a relatively affordable education at the undergraduate and graduate levels, students seeking financial and access assistance to acquire a professional degree in high demand fields and those needing health care with an emphasis on underserved populations.

We seek to influence Nevada through the development of education, workforce and the economy with an emphasis on health care by providing financial assistance, reduced tuition and/or preferential admission to Nevada students at participating institutions within the WICHE membership states. We seek to collaborate with other Nevada State agencies with similar goals.

We provide residents with educational access and tuition assistance through the Professional Student Exchange Program (PSEP) and the Health Care Access Program (HCAP), in addition to custom educational programs designed to meet the demand of specific Nevada health professional shortages. We compare health professionals in greatest demand and shift funds to assist students pursuing careers within those specific fields. One recent example is our psychology internship program. To help us decide how to shift those funds, we look at data on the comparable location quotients (LQ). In other words, we look at how Nevada compares to other states with regard to the number of health professionals and population. We can look at another state, see how many psychologists they have per 100,000 residents and compare it to Nevada to determine where we have deficiencies. That led us to shift funds from more saturated fields to less saturated fields, to ensure we are growing professionals to meet demand.

Another program that we are looking to fund is social work. We are working closely with NDE to put individuals in social work programs. We know those are

ready jobs. We will provide tuition assistance and support for those individuals, knowing that they will go on to ready-made jobs.

JEANNINE M. WARNER (Director, Western Regional Education Compact, WICHE Program, Office of the Governor):

Regional WICHE was established in the 1950s for student exchange. Nevada became a participating member in 1959. It is under the authority of NRS 397. It was transferred from NSHE in FY 2015-2016 and currently resides under the Governor's Office.

The Agency is governed by three commissioners and a staff of two FTEs. In alignment with the Governor's Strategic Planning Framework, our strategic priority is an educated and healthy citizenry. Our core functions and objectives are education and workforce development to ensure a highly skilled and diverse workforce, to increase the number of Nevadans with a postsecondary credential and health care services to improve the quality and accessibility of primary medical care.

To meet our strategic priority, WICHE promotes three regional exchange programs and one state-specific program. The Western Undergraduate Exchange and the Western Regional Graduate Program are reduced-tuition programs. These are referred to in the WICHE brochure ([Exhibit F](#)). They are administered by the regional office; however, our office distributes information, addresses questions from the public and provides resources.

We administer PSEP and HCAP, which are loan forgiveness programs. The PSEP program was established in 1962 for educational access, and it offers select programs not found in our State, such as veterinary medicine and occupational therapy. We provide stipends to enable students to attend these programs. In return for the funding, participants are required to remain in, or return to, the State and provide services to help meet our workforce development. The HCAP program is not affiliated with the regional office. It was established in 1997 to help address the health care needs of our underserved populations.

Our agency contributes to the State in four primary ways. It offers educational opportunities, provides a skilled workforce, meets the health care needs of

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Nevadans and contributes to economic development by ensuring placement of our practitioners.

Our B/A 101-2681 is WICHE Loan and Stipend. We are looking to continue to expand our mental health project, as well as present for your consideration some new fields to support. In B/A 101-2995, our administrative budget, we are looking to expand statewide marketing and outreach of our agency and its programs and implement an automated database to better track and report on our participants.

W.I.C.H.E. Loan & Stipend — Budget Page ELECTED-81 (Volume I)
Budget Account 101-2681

W.I.C.H.E. Administration — Budget Page ELECTED-75 (Volume I)
Budget Account 101-2995

The request for B/A 101-2681 is \$1,125,370 in FY 2017-2018, and \$1,222,798 in FY 2018-2019. Under PSEP, we are looking to reduce our veterinary medicine by one slot each year, but we are proposing a new field, occupational therapy, for which there is no public school in Nevada. The LQ for occupational therapy is 0.74, which demonstrates that we are deficient in that particular field. Our goal is 1.0.

We are looking to fund three psychologists under the mental health expansion project, for \$37,500 each, as a continuation from the current biennium. The LQ for social workers is 0.39 to 0.49. We are proposing five new graduate level social workers in each year of the biennium, which is the State's greatest need at this time. We want to incentivize the bachelor's degree students to continue their education and expand licensure.

We have had discussions with the School of Social Work at the University of Nevada, Reno regarding their Masters of Social Work program. There is a potential for a Health Resources and Services Administration (HRSA) match, but we do not know yet if that funding will materialize. If the HRSA funds come through, we are looking for matching funds to support children's services. At this time, we are looking for social work students to support all age ranges. We would refer participants in this program to the State Loan Repayment Program.

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In this manner, they will serve as part of the pipeline for the State to assist with retention of social workers in Nevada.

We are looking to fund nursing at the graduate level. Nurse practitioners have an LQ of 0.53. A new field we would like to fund is a Master's of Science and Nursing to serve as a bridge for students to continue their education. We would like to add slots for Advanced Practitioner Registered Nurse because that degree includes psychiatric course work and aligns with our mental health expansion. Funding at the graduate level for nurses is important as there is minimal federal aid for it. We would be one of the few incentive opportunities for nurses to further their education.

SENATOR GOICOECHEA:

I should disclose that I am a member of the WICHE Veterinary Medicine Board.

CHAIR WOODHOUSE:

Please discuss how you decide how many slots to fund for the various occupations like social worker and occupational therapist.

MS. WARNER:

We are moving slots from our optometry program to occupational therapy.

ASSEMBLYWOMAN TITUS:

How do you make that decision? Do we have a plethora of optometrists and a deficiency of occupational therapists? Are we saturated with veterinarians?

MS. WARNER:

I have provided the "Assessment of Occupations for WICHE Support" ([Exhibit G](#)). These are the LQs that we refer to and that identify the need in Nevada. The goal for an LQ is a 1.0 saturation. Anything under that indicates a deficiency in the State. The LQ for occupational therapist is 0.74. The optometrist LQ was over 1.0, so we discontinued that program in the last Session. The LQ for veterinarian is 0.91, so there is still a bit of a need. However, that is a critical program for our students to access the veterinary schools.

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ASSEMBLYWOMAN CARLTON:

I have not had any constituents tell me they had a problem finding a veterinarian. We have 937 in the State. When we hear about the shortage of mental health professionals and access to primary care, veterinarians do not seem that critical an issue.

MS. WARNER:

We are proposing to cut one new veterinarian slot in each year of the biennium, and we have reallocated that funding into our mental health program. Veterinary school is extremely expensive out-of-state. Having these WICHE funds is critical to students entering that program. It is one of the most popular fields and has more applications than others have. It is a very competitive program to get into as well.

ASSEMBLYWOMAN CARLTON:

The public policy behind the program and the access that we talk about is not about veterinary medicine. We should refocus on where we put our resources.

MR. FARROW:

That is exactly the rationale used to start eliminating slots from the program. When the oral health LQ rose over 1.0, we moved those funds to behavioral health.

ASSEMBLYWOMAN CARLTON:

Based on an LQ of 0.39, the greatest need is social worker. The lower the number is, the more resources we should focus on those fields.

SENATOR GOICOECHEA:

The LQ can be deceiving. The LQ for Physician Assistant (PA) is 0.95, but you will have great difficulty finding a PA in the rurals. You are not accepting three new veterinary applicants each year, but keeping the individuals for the full four-year course. Is that correct?

MS. WARNER:

That is correct.

ASSEMBLYWOMAN DIAZ:

Unfortunately, we have to look at everything in triage mode. We have to look at our State's greatest needs and how we can fill them most expeditiously. How many psychology internships slots are recommended to be funded between WICHE and the Department of Health and Human Services, Division of Public and Behavioral Health (DPBH) for the next biennium? How many applications were received for the psychology internship slots that were funded in the current biennium?

MS. WARNER:

Our office is proposing to fund three psychology slots. Our funding is aggregate with DPBH, because it is a collaboration. I cannot really speak to their budget. It is my understanding that at the start of the process, there were six interns proposed, and it was reduced to four after budgets were reviewed. I believe they are now reviewing again and there is a potential for five positions. They will advise us of any changes.

The Nevada Psychology Internship Consortium administers our interns. I do not have the information on the number of applications, but I will make sure you get it.

Our administration budget is B/A 101-2995. The request is for approximately \$383,000 in each year of the biennium. We have personnel expenses for the two FTE, travel, operational and information technology (IT) expenses. Our biennial initiative for this budget is to increase the marketing and outreach efforts for more statewide exposure. We are proposing increasing the number of disciplines in our program from six to eight. Three of the fields are new: occupational therapy, social workers and a Master's of Nursing.

To expand our marketing efforts in all of our fields we are looking to transition to an electronic, Web-based outreach format. To meet our marketing initiatives, decision unit E-225 requests \$7,500 in each year of the biennium. The marketing contracts will assist the Agency in outreach that includes marketing analysis to determine new and expanded target markets, establish critical social media presence, establish search engine optimization, produce brochures and other materials, and media outreach. The contract will include maintenance and assistance for all these services.

E-225 Efficient and Responsive State Government — Page ELECTED-77

Decision unit E-226 requests \$779 in FY 2017-2018 and \$407 in FY 2018-2019. This request funds staff training to help update and maintain the new marketing approaches.

E-226 Efficient and Responsive State Government — Page ELECTED-77

Decision unit E-227 requests \$375 in each year of the biennium for an annual subscription to the Practice Sights database. This is a new database, where our participants will be able to report their practice directly. Currently, they are doing that manually. We are estimating a 50 to 75 percent reduction in staff workload due to this new database. A mobile optimization platform for our Website would be funded through E-228, a request for \$3,000 in FY 2017-2018 and \$450 for maintenance in FY 2018-2019.

E-227 Efficient and Responsive State Government — Page ELECTED-78

E-228 Efficient and Responsive State Government — Page ELECTED-78

Our students are our customers, and the reality is we need to do things electronically and online. College applications and financial assistance is all online now, and we need to mirror this in our agency. Finally, E-710 is the replacement of one laptop computer.

E-710 Equipment Replacement — Page ELECTED-78

Our goal is to get Nevada educated, to keep the best and the brightest here, to provide health practitioners and to help invigorate the State's economic development.

ASSEMBLYWOMAN SWANK:

Is the \$7,500 in E-225 a supplement to the marketing you are already doing, or is it meant to cover all items you listed?

MS. WARNER:

This would be relatively new marketing. We currently do a little bit of brochures and materials, but most of this would be new.

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ASSEMBLYWOMAN SWANK:

That seems like a really low budget for these services, and I would be interested to see how you spend that. People are inundated with social media advertising. I am a little skeptical that \$7,500 to cover all those things is going to be very effective.

Ms. WARNER:

We do have a proposal from a marketing company we currently work with. We will do the best we can with the resources we have.

ASSEMBLYMAN SPRINKLE:

With the increased marketing, do you think that you will be able to fill all your slots?

Ms. WARNER:

Currently we have been able to fill all of our slots in FY 2016-2017, but we get many comments from students and parents wishing they had heard about this program earlier. Our goal is to enhance this program statewide and give more students the opportunity to access the program. One of my goals is to get the message out that the State is there to support you if you choose to go into one of these fields.

ASSEMBLYMAN SPRINKLE:

If we are already filling the slots, what is the argument for enhancing the marketing? Is it our hope to make the slots more competitive?

Ms. WARNER:

We would like to make it competitive. Our goal is to get the best and the brightest in the State and to keep them here.

Finally, I would note that I have provided you with our budget overview ([Exhibit H](#)) and a spreadsheet of the Loan and Stipend Program ([Exhibit I](#)).

CHAIR WOODHOUSE:

We will now go to public comment.

MICHAEL SPANGLER (Dean, School of Advanced and Applied Technologies, College of Southern Nevada):

The College of Southern Nevada (CSN) is grateful for the Legislature's support of OSIT. Their focus on STEM program development is essential to our economic growth and the diversity in southern Nevada. We have received two grant awards from OSIT: approximately \$37,000 for aviation and \$149,000 for our cybersecurity program. We support the activities in building STEM programs that lead to high-demand careers in local employment and family-sustainable wages. Our aviation project built a state-of-the-art Federal Aviation Administration (FAA)-certified aviation training simulation laboratory on CSN's Henderson campus. The goal is to engage aviation students in realistic simulations that provide, not only skill building, but also awards FAA-recognized logbook flight time. The equipment provided through this grant affords academic, technological and operational proficiency in aircraft flight and meets the FAA requirements for certified flight experience. The Nevada Workforce Informer projects a 14 percent increase in demand for pilots, air traffic controllers and other aviation professionals by 2022. We are glad to see this emphasis in that critical industry.

The cybersecurity project constructed a new Associative Applied Science degree in IT that addresses both network security and digital forensics. Network security focuses on keeping the bad guys out of our data and digital forensics focuses on catching the bad guys who have broken into our data. The grant allowed us to build five new courses in cybersecurity, including ethical hacking, physical security, incident handling, advanced network security and penetration testing. The project's physical plant acquisitions include components of a classroom-sized Faraday cage, which is a shielded room where we can teach students to hack in a controlled environment. The equipment for the project includes devices that can intercept transmissions from Wi-Fi sources and route them to authorized or unauthorized receivers, simulators for replicating industrial intrusion experiments and cellular hacking and tracking. The course work prepares students for a host of jobs that demand industry certifications such as CompTIA, Cisco and EC-Council. The demand for cybersecurity technicians greatly exceeds the supply and salaries reflect this reality. For that reason, we predict that CSN Cybersecurity Program growth to be the largest of any declared major in that department.

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Some of local employers and industries that we are working with include Sands Corporation, Boyd Group, KLA Laboratories, Cyberwatch West, MGM Resorts and many others. Both grants will be expended in the current fiscal year, and I want to encourage you to consider OSIT's budget and recognize the good work they have been doing.

BRIAN MCANALLEN (Government Affairs Manager, Office of Administrative Services, City of Las Vegas):

I am speaking today on B/A 101-1005, the Governor's Office of High Level Nuclear Waste. We appreciate you hearing this item and ask that you fund this agency's request. In the last congressional cycle, we have heard a number of congressmen indicate that they intend to pursue opening Yucca Mountain and site high-level nuclear waste in Nevada. This has been a concern of everyone in the State for many years. We know the new congressional leadership on the Energy and Commerce Committee is interested in having hearings on this issue and intends to press forward. With the loss of our senior Senator, U.S. Senator Harry Reid, we have lost a lot of the influence that we had in the U.S. Senate and in the House of Representatives. Mr. Halstead and his office have done a fantastic job over the last several years in preparing for what will be a long, heavy battle in front of us. I know that there are over 218 contentions made against the case and we need to make sure that we are fully funded in our legal analysis, our exhibits and our activities to fight this in court and the halls of Congress. Our city looks to Mr. Halstead and his office as a major resource. I would also submit that the Nevada delegation is united on this issue and we appreciate all the support they are giving us, but we are up against a well-funded army and we will need all the help we can get. Funding this agency will do that.

FRANK R. WOODBECK (Executive Director, Nevada College Collaborative, Nevada System of Higher Education):

I am here to support OSIT in their expanded efforts ([Exhibit J](#)). Mr. Mitchell has engaged the college administrations to be innovative and present ideas for funding under each round of new grant opportunities. I fully support continued funding for OSIT.

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J. KYLE DALPE, PH.D. (Interim Dean, Technical Sciences, Truckee Meadows Community College):

I will submit my testimony ([Exhibit K](#)), and I want to say that TMCC would like to thank the Legislature for their support of OSIT. From our perspective, we have been able to develop and expand programs to meet the needs of industry in our region.

ROBERT WYNEGAR (Vice President, Academic and Student Affairs, Western Nevada College):

Like my two peers, I would like to offer Western Nevada College's support to OSIT, in particular the STEM challenge grants. The College has had several grants as well. One of them helped provide IT courses in Churchill County and the last two were in support of our Siemens Mechatronics Systems Certification Program. With that money, we were able to develop the only active Siemens Mechatronics Systems Certification Program west of the Mississippi River. We are very happy with that program and very appreciative of the support from OSIT.

Remainder of page intentionally left blank signature page to follow.

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CHAIR WOODHOUSE:

We have also received written testimony ([Exhibit L](#)) from Sean Dodge, Training Director of the Nevada Psychology Internship Consortium, in support of continued funding of psychology internships.

Seeing no further testimony, this meeting is adjourned at 10:56 a.m.

RESPECTFULLY SUBMITTED:

Barbara Williams,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	6		Attendance Roster
	C	12	Angela Dykema	Governor's Office of Energy Budget Presentation
	D	39	Brian Mitchell	Office of Science, Innovation and Technology Budget Presentation
	E	22	Robert Halstead	Yucca Mountain Overview Presentation, Nevada Agency for Nuclear Projects
	F	4	Jeannine M. Warner	Regional Western Interstate Commission for Higher Education Fact Sheet
	G	1	Jeannine M. Warner	Western Interstate Commission for Higher Education Assessment of Occupations Budget Request Spreadsheet
	H	2	Jeannine M. Warner	Western Regional Education Compact Budget Presentation
	I	1	Jeannine M. Warner	Western Interstate Commission for Higher Education Loan and Stipend Programs Account Spreadsheet
	J	2	Frank R. Woodbeck, Western Nevada College	Testimony in Support of STEM Challenge Grants
	K	2	Kyle Dalpe, Truckee Meadows Community College	Testimony in Support of the Governor's Office of Science, Innovation and Technology
	L	1	Sean Dodge, Division of Public and Behavioral Health	Testimony in Support of the WICHE Program