

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

**Eighty-Second Session
April 29, 2023**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Daniele Monroe-Moreno at 8:12 a.m. on Saturday, April 29, 2023, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Daniele Monroe-Moreno, Chair
Assemblywoman Natha C. Anderson
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Sandra Jauregui
Assemblywoman Heidi Kasama
Assemblyman Cameron (C.H.) Miller
Assemblyman P.K. O'Neill
Assemblyman Howard Watts
Assemblyman Steve Yeager

SENATE COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle T. Nguyen
Senator Pete Goicoechea
Senator Heidi Seevers Gansert
Senator Robin L. Titus



COMMITTEE MEMBERS ABSENT:

Assemblywoman Shea Backus, Vice Chair (excused)
Assemblywoman Sarah Peters (excused)
Senator Nicole J. Cannizzaro, Vice Chair (excused)

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Brenda J. Erdoes, Director
Sarah Coffman, Assembly Fiscal Analyst
Wayne Thorley, Senate Fiscal Analyst
Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst
Cathy Crocket, Senate Chief Principal Deputy Fiscal Analyst
Dan Rushin, Chief Financial Officer
Morgan Barlow, Program Analyst
Lilliana Camacho-Polkow, Program Analyst
Tiffany Greenameyer, Program Analyst
Yuriy Ikovlev, Program Analyst
Nicolette Johnston, Program Analyst
Justin Luna, Program Analyst
Nancy Morris, Program Analyst
Anne Bowen, Committee Secretary
Janet Osalvo, Committee Assistant

OTHERS PRESENT:

Amy Stephenson, Director, Office of Finance, Office of the Governor
Jack Robb, Director, Department of Administration
Jared Luke, Director, Government Affairs and Economic Development, City of North
Las Vegas
Terry J. Reynolds, Director, Department of Business and Industry
Stephen Aichroth, Administrator, Housing Division, Department of Business and
Industry

Chair Monroe-Moreno:

[Roll was called and Committees rules and protocol were explained.] We are going to take the Office of the Military first on our agenda today.

Nancy Morris, Program Analyst:

The Joint Subcommittees on Public Safety, Natural Resources, and Transportation completed their review of the Office of the Military budgets for the 2023-2025 biennium [\[Exhibit C\]](#). The closing recommendations of the Subcommittees resulted in General Fund increases totaling \$192,051 in fiscal year (FY) 2024 and \$156,146 in FY 2025. The Subcommittees recommended the following closing actions:

Military (101-3650) MILITARY-7: The Subcommittees recommended approval of General Fund appropriations totaling \$148,483 and federal funds of \$674,076 over the 2023-2025 biennium for one new unclassified StarBase program Deputy Administrator position for the StarBase Henderson program, one new unclassified Youth Challenge Program Deputy Administrator, and one new unclassified Youth Programs Administrator position to administer the Office of the Military's youth programs, as recommended in Budget Amendments A231613650, A231603650, and A231503650. In addition, the Subcommittees recommended issuing a letter of intent requiring the Office to provide annual reports to the Interim Finance Committee on the status of the Battle Born Youth Challenge program.

The Subcommittees recommended approval of the Governor's recommendation, as amended by Budget Amendment A231453650, for one new unclassified Cybersecurity Specialist position, funded with General Fund appropriations of \$294,277 over the 2023-2025 biennium.

The Subcommittees further recommended approval of the Governor's recommendation for two new National Guard range specialist positions, funded with General Fund appropriations of \$234,964 over the 2023-2025 biennium, to operate a new small arms firing range, contingent upon approval of the Governor's recommended Capital Improvement Program project to design and construct a new small arms firing range in southern Nevada.

The Subcommittees recommended approval of General Fund appropriations of \$1.1 million and federal funds of \$757,416 over the 2023-2025 biennium for five new administration positions, five new facilities management positions, one new unclassified Psychological Health Manager position, and three new military security officer positions.

Emergency Operations Center (101-3655) MILITARY-16: The Subcommittees recommended approval of the Governor's recommendation to increase facilities maintenance expenditures by \$100,968 in each year of the 2023-25 biennium.

State Active Duty (101-3658) MILITARY-19: The Subcommittees recommended approval to include language in the 2023 Appropriations Act to allow the Adjutant General to request an advance from the State General Fund of not more than \$50,000 per activation if the Nevada National Guard is ordered to active duty by the Governor and the Adjutant General determines expenditures will be required, which is \$25,000 more than recommended by the Governor.

National Guard Benefits (101-3653) MILITARY-21: The Subcommittees recommended approval of one-time General Fund appropriations of \$14,067 in FY 2024 to fully reimburse tuition reimbursement requests received in FY 2022, which were partially reimbursed.

Division of Emergency Management (101-3673) MILITARY-26: The Subcommittees recommended approval of the Governor's recommendation for one new program officer position to serve as a statewide 911 coordinator, funded with General Fund appropriations of \$162,566 over the 2023-2025 biennium.

Finally, the Subcommittees recommended closing the following Office of the Military budgets as recommended by the Governor with minor or technical adjustments:

- Adjutant General's Special Armory Account (101-3652) MILITARY-20.
- Patriot Relief Fund (101-3654) MILITARY-23.
- Emergency Management Assistance Grants (101-3674) MILITARY-37.
- Homeland Security (101-3675) MILITARY-39.

The Subcommittees provided Fiscal Analysis Division staff with authority to make other technical adjustments, as necessary.

Chair Monroe-Moreno:

Are there any questions on the Subcommittees' budget closing report? [There were none.] I will accept a motion.

SENATOR DONDERO LOOP MOVED TO APPROVE THE SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND TRANSPORTATION'S CLOSING REPORT ON THE OFFICE OF THE MILITARY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

We will go back to the top of our agenda for today. We have the Governor's Office COVID-19 Relief Programs up next.

**ELECTED OFFICIALS
GOVERNOR'S OFFICE
COVID-19 RELIEF PROGRAMS (101-1327)
BUDGET PAGE ELECTED-19**

Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst:

This budget was heard on March 20, 2023, and the Committees held a work session on April 4, 2023. As a reminder, on June 4, 2021, the state received its \$2.739 billion allocation of Coronavirus State Fiscal Recovery Funds. The funds received by the state must be obligated by December 31, 2024, and expended by December 31, 2026. The first eight or nine pages of the closing packet [\[Exhibit D\]](#) for this budget is information that has been presented to the members both during the budget hearing and during the work session. I will go through the information and provide a high-level overview.

As I mentioned, the state was approved for and received an allocation of \$2.739 billion in Coronavirus State Fiscal Recovery Funds. To date, approximately \$2.729 billion of the funds have been authorized for expenditure. Currently, in fiscal year (FY) 2023 there is \$2.263 billion authorized. A substantial number of the programs for which funding has been approved will occur over a multiyear period. I will give the Committees an update on what has been spent to date. In FY 2024, there was approximately \$440.4 million expended, which is approximately 16 percent of the state's total allocation. For FY 2025, as of April 27, 2023, \$131.8 million has been expended, or about 4.8 percent of the state's total allocation. In total \$572.2 million, has been expended year-to-date, which is just under 21 percent of the state's total allocation.

At the bottom of page 4 [\[Exhibit D\]](#) there is a discussion on what is included in the Governor's recommended budget. I would note there were a number of programs approved during the interim that were identified as multiyear programs, but for which funding was only approved for FY 2023 through the Interim Finance Committee. To continue those programs through the upcoming biennium, the base budget includes approximately \$26.1 million. In addition, there is about \$5.3 million in enhancement decision units for programs such as grant monitoring, staffing for the Department of Health and Human Services, and warehousing costs to store personal protective equipment. Those are all identified under the Other Closing Items and either have been, or will be, discussed in the individual agency budget closings.

Moving on to page 5, within The Executive Budget, after accounting for the removal of some duplication of funds, there is approximately \$1.1 billion of budgeted authority that is funded with Coronavirus State Fiscal Recovery Funds. That is inclusive of the \$26.1 million and the \$5.3 million that I just mentioned. There is \$2.26 billion in authority currently in FY 2023 and, as you can understand, with only \$1.1 billion budgeted in the upcoming biennium in The Executive Budget, 100 percent of the projected expenditures that will occur over the 2023-2025 biennium are currently not accounted for in the Governor's recommended budget. This was some of the discussion that we had during the work session, and I will talk about

updates and revisions that have been made based on direction that came out of the work session to account for some of the funding that is expected over the upcoming biennium, but not currently reflected in The Executive Budget.

Just as a reminder for the Committees' members, pursuant to *Nevada Revised Statutes* 353.220, subsection 8, paragraph (b), state agencies are allowed to balance forward unexpended balances of authorized funding for expenditure from one fiscal year to the next as long as there is no change in purpose for those funds. However, as discussed during the work session, the money committees directed staff to work on and bring forward revisions in an effort to try to account for 100 percent of the projected expenditures that will occur over the 2023-2025 biennium. This was done in order to ensure that state agencies have a clear expenditure plan for the next two years and also intended to demonstrate an obligation of funds by the December 31, 2024, deadline within the legislatively approved budget and the memorialized legislative priorities for the expenditure of these funds.

Moving on to page 6 [\[Exhibit D\]](#) we have also had some discussions about the projected expenditures that will be in the 2025-2027 biennium and some of the programs that have been approved to date will have expenditures in FY 2026, and partially in FY 2027. Those projected expenditures were not accounted for in the Governor's recommended budget. Similarly, to the comments that I just made, the money committees expressed an interest in accounting for those future biennium projected expenditures within the legislatively approved budget for the upcoming biennium. We will talk a little bit about how that will be accomplished as I move forward with my presentation.

We have had some discussions about the obligation of funds and in meeting the December 31, 2024, deadline. Just as a reminder, during the March 20, 2023, budget hearing, the Governor's Finance Office testified that the existence of positions and program expenditures that are budgeted with Coronavirus State Fiscal Recovery Funds would be sufficient to demonstrate an obligation of funds, but that continued monitoring of the federal guidance and feedback would be required. Further, the testimony indicated that the notices of allocations that are issued by the Governor's Finance Office would serve as confirmation of constituting an obligation of these funds to meet that December 31, 2024, deadline.

Page 7 contains some discussion around the current reimbursement policy for funds. Just as a reminder, under the current policy of the Governor's Finance Office, agencies typically will incur expenditures prior to the receipt of reimbursements. The policy transfers Coronavirus State Fiscal Recovery Funds on a reimbursement basis upon request and receipt of supporting documentation, demonstrating that expenditures have been approved and are compliant with federal requirements for use of the funds. Timely processing for the reimbursement is dependent upon the agencies and organizations submitting complete and accurate supporting documentation that there are sufficient resources to review, receive, and approve those requests, and then to process the actual transfer payment transaction.

The Committees have expressed concerns with ensuring that these funds are expended by the December 31, 2026, deadline and that little or no funds end up being reverted back to the federal government, and also have expressed concerns with the reimbursement process. There will be a decision point regarding that reimbursement policy and direction that came out of the work session.

On page 8 [\[Exhibit D\]](#) there is some information as confirmed with the Governor's Finance Office. The U.S. Treasury does not limit advances of Coronavirus State Fiscal Recovery Funds, and the final rule specifies that advances of the funds are permissible and there is not a restriction or requirement for these funds to be provided only on a reimbursement basis.

On the bottom of page 8 and moving on to page 9, there is some brief information about the unobligated funds as calculated by Fiscal staff. There is a table at the top of page 9 that was presented in your work session document. This table displays the \$2.7 billion that was received by the state, less the FY 2022 actual expenditures, less the FY 2023 authority, less the funding that is recommended in the Governor's budget as well as approximately \$2 million that has been set aside to fund COLAs as recommended by the Governor for positions that are funded with Coronavirus State Fiscal Recovery Funds. That leaves a balance of approximately \$1.1 million. Again, this is consistent with the information that was presented to you during the work session.

We will talk about the savings that have been identified as well as the remaining unallocated funds under the \$100 million authority that was set aside for state agencies. Fiscal staff has identified just under \$34 million in savings, and I will talk about where that is coming from shortly. That is my brief recap, and now we will get into the discussion and decision points that we have for consideration by the Committees.

As previously mentioned, because of concerns with the delays in the implementation of programs that have been approved, the obligation of funds, and whether all funds would be expended by the December 31, 2026, deadline, there was a work session held on April 4, 2023. During that work session, the money committees provided Fiscal staff with direction, and there were four issues that were discussed, which are listed at the bottom of page 9 [\[Exhibit D\]](#).

The first and second items concern accounting for those projected expenditures over the upcoming biennium, and/or the subsequent biennium, that are not currently in the Governor's budget. The third item relates to the policy of reimbursement and considering a policy to require the advance of funds. The fourth item concerns unobligated funding as well as projected savings. Fiscal staff has grouped the decision points based on those four items.

On page 10 of your closing packet, there is a bulleted list that recaps the direction that the Committees have provided to Fiscal staff. We were directed to work with the Governor's Finance Office and state agencies on the projected expenditures over the upcoming

biennium. The money committees provided Fiscal staff with authority to make technical adjustments across the board relating to projected expenditures for the Coronavirus State Fiscal Recovery Funds.

Fiscal Analysis Division staff was directed to provide the Committees with a summary and reconciliation of approved authorizations of Coronavirus State Fiscal Recovery Funds as well as any identified adjustments. As I mentioned, the money committees expressed their intent that funds be transferred and made available immediately to state agencies and organizations and to consider a policy that would advance 50 percent of authorized funds. We are also specifically directed to look at the remaining authority under the \$100 million that has been set aside for state agencies, and to bring back identified savings that have been estimated at this point.

At the bottom of page 10 is a discussion under items one and two. Fiscal staff have provided a summary table labeled Attachment A [\[Exhibit E\]](#). Fiscal staff has worked with state agencies and the Governor's Finance Office in an effort to revise projected expenditures of approved programs. We have included these adjustments in this table and these updates include amounts identified by Fiscal staff and the Governor's Finance Office. Decision points have been brought forward to the various Subcommittees as well as the full Committees to make revisions as part of the closing process, and those have been incorporated into this document.

Very briefly, I want to walk through Attachment A [\[Exhibit E\]](#). This table was presented during the work session and also was made available as a public document. The difference in the table you see today compared to what was presented at the work session is—with one exception—that we removed funding that had been duplicated. I have a correction to make to the table as presented, but the major updates are highlighted in yellow. Those yellow cells are revised amounts as compared to the table that was presented during the work session. If you look at the table, the description along the left side is the same description that you have seen at every Interim Finance Committee (IFC) meeting when we present the statement on Coronavirus State Fiscal Recovery Funds.

Column A represents the total approved allocation; Column B reflects actual FY 2022 expenditures; Column C is the authority in FY 2023, or the estimated expenditures that will occur in FY 2023; Columns D and E represent the projected expenditures for these programs in FY 2024 and FY 2025; Column F represents projected expenditures that would occur over the 2025-2027 biennium; and Column G is basically the approved allocation, or Column A less the sum of Columns B through F. Where there is an amount in Column G, there are notes that describe what those amounts represent.

There are a number of savings that were identified with the close of FY 2022. Those savings have all essentially been repurposed at this point. There are a handful of additional savings that are identified, and I will talk about the major ones when we go over the savings. I do have one correction to make on row 173 [page 13, [Exhibit E](#)]. The two lone green cells on

this document should not be there; these amounts were duplicated in the Governor's recommended budget. The Fiscal Analysis Division received a revised projection for these amounts that I failed to update on this table that is presented to you. I would like to correct those errors; in FY 2024 the amount that we have is \$7.7 million, and in FY 2025 the amount is \$4.8 million. That correction would eliminate the future year estimated amount, and the \$7.7 million plus the \$4.8 million would total the approved allocation for this program of \$12.5 million.

The vast majority, if not all of these revisions, did not have an effect on the overall approved amount for the individual programs. It simply was a revision to the fiscal year in which the projected expenditures would occur. There were a handful of revisions that did result in savings, and I will cover the major ones. Going back to page 11 [\[Exhibit D\]](#), the second paragraph talks about the changes that we made with the correction I just noted. I am going to give you some updated figures. The first sentence of the second paragraph indicates that an additional \$630.3 million in authority would be reflected in the budget, and that should be \$622.3 million with the correction that I just went over. Accounting for those projected expenditures that were not in The Executive Budget, these adjustments added just over \$622 million to the budget if those revisions are approved by the Legislature. This would increase total authority over the biennium from the \$1.133 billion in the Governor's recommended budget to approximately \$1.757 billion. The \$1.757 billion is a corrected number—your document references \$1.764 billion.

As we have made adjustments within the individual agency budgets to reflect these revised projections, we will also need to make revisions to the COVID-19 budget itself. As you are aware, the COVID-19 budget is what we refer to sometimes as the pitcher budget and the agency budgets are the catcher budgets. As submitted, the COVID-19 budget only includes about \$32 million of expenditure authority over the biennium, so we will be making revisions to align that budget with the \$1.7 billion figure that I referenced earlier. I do want to note that any remaining authority in FY 2023 from the original authorization that has not been expended and is not accounted for in the legislatively approved budget would be allowed to be balanced forward if it is for a project that is a multiyear commitment. While we have made various adjustments to FY 2024 and FY 2025, we also understand that there may be some unexpended authority in FY 2023 that needs to balance forward, and agencies will have the authority to balance those funds to FY 2024, but there will need to be a reconciliation effort to do so, given that the legislatively approved budget is going to include a portion of the authorization for those programs.

We have also had conversations about the 2025-2027 biennium expenditures, and the direction and discussions during the work session indicated there is a desire to place the future biennium expenditures within a dedicated reserve category within the individual budgets. This would demonstrate that the funding has been obligated for the agency but

would require a future work program or enhancement decision to be considered either by the IFC, or during the 2025 Legislative Session. In the event that an agency needed that authority in FY 2025, they would have the ability to request a work program and move funds out of reserve to the expenditure category.

That brings us to the first decision point for the Committees which is on the top of page 12 [\[Exhibit D\]](#). Do the Committees wish to approve the overall spending plan of Coronavirus State Fiscal Recovery Funds as outlined in Attachment A [\[Exhibit E\]](#) including placing estimated 2025-2027 biennium expenditures within a dedicated reserve category within agency budgets for the 2023-2025 biennium, to account for all projected spending of funds which would require future approval either through the work program process, or through the 2025 Legislative Session, to move funds from reserves to an expenditure category? I would just add that the motion should also include the correction to row 173 [\[Exhibit E\]](#) that I discussed previously.

SENATOR DONDERO LOOP MOVED TO APPROVE THE OVERALL SPENDING PLAN OF CORONAVIRUS STATE FISCAL RECOVERY FUNDS AS OUTLINED IN ATTACHMENT A, INCLUDING PLACING ESTIMATED 2025-2027 BIENNIUM EXPENDITURES WITHIN A DEDICATED RESERVE CATEGORY WITHIN AGENCY BUDGETS FOR THE 2023-2025 BIENNIUM TO ACCOUNT FOR ALL PROJECTED SPENDING OF FUNDS, WHICH WOULD REQUIRE FUTURE APPROVAL EITHER THROUGH THE WORK PROGRAM PROCESS OR THROUGH THE 2025 LEGISLATIVE SESSION TO MOVE THE FUNDS FROM RESERVES TO AN EXPENDITURE CATEGORY AND FURTHER CORRECT FIGURES ON LINE 173 OF ATTACHMENT A IN FISCAL YEAR 2024 TO ELIMINATE THE FUTURE YEAR ESTIMATED AMOUNT MAKING THE APPROVED ALLOCATION FOR THIS PROGRAM \$12.5 MILLION.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

Brody Leiser:

The next item covers what we have listed as Item 3; establishing a budget policy regarding the timing of transfer of the Coronavirus State Fiscal Recovery Funds from the COVID-19 relief programs budget to state agency budgets and/or nonstate organizations that is different from the current reimbursement process. During the April 4, 2023, work session, the Committees expressed their intent that approved authorizations be transferred and made

immediately available for state agencies and organizations for which programs have been approved, and that the policy consider that 50 percent of the authorized amount be transferred to the agencies and organizations. Fiscal Analysis Division staff would recommend that such a policy to advance these funds be established beginning in FY 2024. To ensure the intent of the money committees could be implemented and managed effectively, information was solicited from the Governor's Finance Office.

There are five items in the middle of page 12 [\[Exhibit D\]](#) that the Governor's Finance Office has suggested with regards to a policy for specific parameters around the advancement of funds:

1. Subrecipient's risk assessment.
2. Current subrecipient spending patterns for the projects they identified as needing an advance of funds.
3. Accuracy of backup included in previously submitted requests for reimbursements.
4. A project timeline and spending plan for each deliverable broken out by state fiscal year.
5. A calculated demonstration of need for advancement of funds to successfully implement the project to include estimated cash outlays that will be made during the period covered by the advance less estimated cash on hand as of the beginning of the advance period.

The Governor's Finance Office suggested that the policy to advance funds at 50 percent would be for a look at the authority within a single fiscal year. As we have talked about, some of these projects have projected expenditures over both FY 2024 and FY 2025. The 50 percent advance would be for the FY 2024 authority, initially. A second advance could occur during the fiscal year, about midyear, once an agency has demonstrated that it has expended the previous advance in accordance with the project deliverables, and has provided appropriate documentation to support the projected expenditures.

Once we get to FY 2025, the Governor's Finance Office is suggesting that no advances would be given to subrecipients unless the subrecipient has demonstrated accuracy and consistent expenditures pursuant to their spending plan and based upon the five parameters that are listed on page 12 [\[Exhibit D\]](#). This would allow the Governor's Finance Office to possibly recommend the deobligation and reallocation of funds that may not be needed and be able to do so prior to the December 31, 2024, deadline. This process would allow the Governor's Finance Office to ensure that federal financial management practices are used to support the effective delivery of services and provide reasonable assurance that funds are being expended within the timeline allotted and for the purposes awarded. As I mentioned, advances of these funds would begin in FY 2024, and would require that 50 percent of the funds budgeted for FY 2024 would be inclusive of any balance forward authority that is unused in FY 2023 that would need to be balanced forward to 2024, and 50 percent of that authority be advanced and transferred to state agencies and organizations.

Given the Committees' desire to implement this policy, the Committees may wish to require that these advances occur no later than July 31, 2023, and the Committees may wish to direct Fiscal staff to include language in the 2023 Authorizations Act to memorialize the intent of the money committees. Again, the July 31, 2023, date would make it clear that the 50 percent advance of these funds for FY 2024 be completed immediately. As I mentioned, the parameters that were listed on page 12 of your closing packet would be considered for subsequent advances of funds, and those would not be relied upon to delay the initial advancement of funds that the money committees' policy would be directing.

Do the Committees wish to direct Fiscal staff to include language in the 2023 Authorizations Act to memorialize the intent of the money committees that 50 percent of approved authorizations of Coronavirus State Fiscal Recovery Funds in fiscal year 2024 be transferred to and made immediately available for state agencies and organizations for which programs have been approved?

Senator Neal:

How will this delayed date impact the nonprofits that have been waiting since summer?

Brody Leiser:

If funds have not been reimbursed by the end of FY 2023, the authority would still exist in the budget for those nonprofits and for the programs for which they were approved. That authority would be established in FY 2024. Under this policy, 50 percent of that authority would be required to be transferred to those nonprofits by July 31, 2023. I feel like I may have said 2024 there a little bit ago—if I did—it should have been 2023. Beyond that if the nonprofits need amounts beyond that 50 percent they would need to demonstrate and provide the documentation that I referenced earlier to the Governor's Finance Office to demonstrate the need. Once a nonprofit did that, they should be eligible to receive an additional advancement beyond the initial 50 percent. I hope that answers your question.

Senator Neal:

I was confused about the date and then my secondary thought was, in the Subcommittee on General Government we talked about tribes that had a \$20 million allocation, and they were struggling to implement it because of all of the hurdles running through the Governor's Finance Office. I just wanted to be clear on that.

Brody Leiser:

With regard to the tribes, row 192 of the spending plan [[Exhibit E](#)] concerns the programs for the tribal grants. As reflected on this sheet and based on action taken in the Subcommittees' recommendations, the \$20 million for the grants would be budgeted in FY 2024. In addition, there was some funding that is recommended for contract staff. You will see on row 192, the total amount of \$20,263,332. The amount above \$20 million is for contract staff to help

administer that program. Under the policy that I discussed here, just over \$10 million would be advanced to the Nevada Indian Commission to begin that program and have the funds available. You can take 50 percent of what is reflected in Column D, and it would be advanced for that particular program.

Assemblyman Hafen:

I had a question along the lines of Senator Neal on the nonprofit organizations, but on the other side. Not the nonprofits that have receipts of expenditures that they need to get paid, but the ones that might not have spent anything to date. If I understand the proposed decision, we would be giving them a blanket 50 percent without a risk assessment. Is my understanding correct?

Brody Leiser:

Each of the programs that have been approved to date have been vetted by the Governor's Finance Office to ensure that the purpose of the funds is allowable under the Treasury's final rule on the use of the Coronavirus State Fiscal Recovery Funds. So there has been an analysis and determination that these programs are appropriate and allowable. Under the policy that is being discussed, in the scenario where a nonprofit may not have incurred any expenditures to date, they would receive a 50 percent advance of their approved authority in FY 2024. In addition to that initial vetting that has gone on prior to approving these programs, the policy of the Governor's Finance Office would be to continue to require nonprofit organizations, as well as state agencies, to provide and report on a monthly basis the status of these programs and the status of expenditures they are incurring. There would be a back-end vetting as well, to ensure that the funds have actually been expended in accordance with the approved program and as identified by those organizations, to ensure that it is an allowable use, and they have not planned use of the funds for something outside of the program. The subsequent advances would be dependent upon the demonstration of those types of things.

Assemblyman Hafen:

I apologize. I was referring to more or less the financial stability of the actual nonprofit because we are talking about a lot of money. I just wanted to make sure that when they do go through, there are going to be some checks and balances to make sure that the entity is going to be financially stable and be able to use the funds, so we are not in a position going forward where we lose it. I apologize for not clarifying the financial stability portion of it.

Chair Monroe-Moreno:

Would you like me to invite the Governor's Finance Office to the table to see if they have an answer to that?

Brody Leiser:

My understanding is that some of the nonprofits are relying on these funds in order to begin programs. The advancement of funds would ensure that they have cash on hand to implement these programs and move forward. I also believe that there has been some

testimony and comments made by legislators that they have heard from nonprofits and there are concerns that if they move forward with these projects, they will potentially not receive the funds. So again, I think the advancement policy would allow them to receive those resources up front to get the programs off the ground. There is some responsibility that falls on the nonprofits to carry through on what they said they were going to do and use the funds in a manner that was presented to ensure that the programs are for an allowable use. I think it is part of what the Governor's Finance Office has indicated in their policy that they would be requiring the nonprofits or organizations to confirm to get an advance.

Chair Monroe-Moreno:

Before going to the Governor's Finance Office, I will remind members that there was a stringent vetting process that these organizations went through when they applied to be a part of the program. Not everyone made it through that process. The ones that made it through that process came to us before the Interim Finance Committee (IFC), and we approved those programs after the vetting. We have heard through testimony throughout this legislative session and even in some of our IFC meetings, that organizations had done the work already, were waiting to be paid, and could not move forward because they are pretty much going broke doing the work that we needed them to do. For those organizations that Senator Neal was speaking about, this would help them. There are some that are smaller that need the money to actually begin the programs that they have been asked to do, so this 50 percent would help them. But if you look at page 12 [\[Exhibit D\]](#) the Governor's Finance Office has set up what I think is a very inclusive vetting process to make sure that they are falling in line.

Amy Stephenson, Director, Office of Finance, Office of the Governor:

The nonprofits have been vetted for the program, as the Chair mentioned. The recommendation that Fiscal staff has put in here that shows our policy is the assessment that we would like to do before advancing the 50 percent. I think Mr. Leiser indicated that it was after the 50 percent. Our actual recommendation was to have this and then determine the 50 percent, so I just wanted to make that clear. The policy we outlined is the one that we wanted to do the assessment.

Assemblyman Hafen:

If I understand you correctly, your recommendation is to actually do the risk assessment and the other review processes—one through five—before allocating or cutting the checks for the 50 percent—not after for the subsequent 50 percent. Thank you. That makes me feel a little more comfortable.

Senator Seevers Gansert:

It looks like we are going to advance 50 percent, and then I think you said the second 50 percent could also be advanced. I want to know what the timeline looks like. If someone has spent the first 50 percent, or almost finished spending the first 50 percent, what is our response time for the second 50 percent? I agree with the Chair, a lot of these nonprofits cannot afford to front the money, and that is part of the reason a lot of it has not been spent.

Brody Leiser:

My understanding is if an organization or agency was in a position where they were projecting the need for amounts beyond that 50 percent, they would submit a request through the Governor's Finance Office to receive another advancement of funds; either for the remaining 50 percent or a portion of the remaining 50 percent, based on projected need. But it would be dependent on when the agency actually needs those funds.

Amy Stephenson:

Currently, our policy is to reimburse within 30 days of receiving the request. If the second request for advancement is submitted, I can see it following that same policy. Thirty days gives us the time to fulfill the request.

Senator Seevers Gansert:

We keep talking about FY 2024, but we have \$405.7 million for FY 2025. That is also on the books. Are we using the same process for FY 2025?

Brody Leiser:

Yes, that would be the intent.

Senator Seevers Gansert:

I do not know if we need to change the decision point to make sure that we are including not just FY 2024, but also FY 2025, using the same process.

Chair Monroe-Moreno:

It was my understanding that because these organizations have been vetted, a lot of them have done the work. They submitted their receipts for reimbursement but had not been reimbursed, so that 50 percent would go out now to those organizations. If that is not the case, and you want to do the assessment for that first 50 percent before you send it out, what would happen if the organizations do not meet this new assessment process? They have done the work, and the IFC has allocated the funding for them. What happens with that funding? Is that funding we need to bring back and reallocate to another organization? What was your thought process? It was my understanding as a Chair that the 50 percent would go out to those organizations, because they had already been vetted and have done the work, they would get that 50 percent now.

Amy Stephenson:

I am talking about any new application; the 50 percent upfront would have to go through that assessment. Those that have done the work, we actually should be reimbursing now, and I see them getting their reimbursement even before this 50 percent has to come into effect.

Chair Monroe-Moreno:

For those other organizations that are waiting for the money that was allocated through IFC, have not received the money, and are waiting to have that money to have in hand to actually start the programs, how quickly will we be able to get the money to those organizations?

Amy Stephenson:

We could probably turn it around; we could do the assessment; we can work with them now. My team does technical assistance for organizations along with state agencies, so we can work with them to see what they need to do and get that done.

Senator Dondero Loop:

I thought during the work session the idea was that we are going to get this money out the door to nonprofit X, Y, or Z and give them the 50 percent because part of the problem was, they needed that money to get going because they could not afford to start the process. I believed the direction was to get the 50 percent distributed and go back when they ask for the other 50 percent and get some information, or whatever those parameters will be. But I thought they got the first 50 percent—I do not want to say with no questions asked—but they have already been through a process, and they need the money. Did I misunderstand something?

Brody Leiser:

The direction coming out of the work session was to get these funds advanced and out the door to the agencies and organizations. The discussion around the vetting and the parameters listed on page 12 [\[Exhibit D\]](#) are ultimately a policy decision for the Committees to make. If it is the direction of the Committees that the advancement occurs immediately beginning in FY 2024, because there has been vetting and consideration that all of these programs fall under allowable uses, that is a policy decision that the Committees can make. As Director Stephenson indicated, the Governor's Finance Office has a preference on how to handle the initial advancement, as in whether or not these five items are done with that initial advancement. I believe regardless of that; they would be done with the second and subsequent advancements. But whether or not that is done on the front end with this initial advancement, I believe ultimately is a decision for this body to make.

Senator Dondero Loop:

As a very succinct example: if I need whatever amount of money to feed people and I cannot find the food, or buy the food to feed the people, then I cannot feed the people. That is why that 50 percent was put in there.

Assemblywoman Kasama:

I feel comfortable with the 50 percent for state agencies because we can easily take that back, but I understand the concern with nonprofits or outside organizations that we do not easily control. I think it is reasonable for the Governor's Finance Office to do an assessment of the agency's viability to deliver it. You said it could be done quickly, but I do not know what quickly is; is that 30 days, 15 days? How quickly can that be done?

Amy Stephenson:

When you are asking quickly, I just want to make sure I understand the question. Are you talking about this assessment before the 50 percent goes out for new?

Assemblywoman Kasama:

Correct. On page 12 [[Exhibit D](#)], there is a specific parameter outlined. There are five bullet points, starting with subrecipient's risk assessment.

Amy Stephenson:

Our thinking—and we are open to negotiation—was between 10 and 15 days for the original assessment seemed very reasonable.

Assemblywoman Kasama:

Thank you.

Assemblywoman Monroe-Moreno:

It is my understanding that when these organizations applied to be a part of this program and went through the vetting process, part of that vetting process was determining their viability to do the work that they said they could do. A number of these organizations have done the work on the books and are waiting to be paid. Those that have not been able to stand up their programs because they knew it was part of their application process that they needed the funding upfront to do the work—that assessment process should have already been done. And please correct me if that was not done ahead of time; their ability to do the work. That is why they were approved to be a part of this program.

Amy Stephenson:

I am not aware, and I have to find out if that was done. I do not have that answer because I was not in this position, so I do not know. I will have to research, and I will get that answer back to you.

Chair Monroe-Moreno:

I know that you are new to this position. A number of us were here throughout this whole process and the nonprofit application that they had to go through. There are some people who did not make it through the nonprofit application part of that process. It was the viability to actually do the work and that is not just based on the application, but their past work in the community. They had a proven history of the work that they had done. Some of them are smaller nonprofits that have smaller operating budgets. In the approval process we all knew, or should have known, that there was money they would need to have upfront. Like my colleague was saying, we are addressing food insecurities, there was food there to buy, but to go to the store and buy the food, you had to have the money. They are the ones with boots on the ground doing the work where some state agencies were not. The boots on the ground in these nonprofits reached out to us. We made an application process. They followed that process, we vetted them, brought it; I have seen we allocated the funding. We still have not sent them the money to reimburse them so they can move forward. Other smaller nonprofits are waiting for that money to actually do the work. I believe the viability of those organizations has already been vetted, and those that have been waiting for payments need to get the money. Although they may be smaller, and it is easier to pull

money back from a governmental organization, we are not the ones out there doing the work, boots on the ground. It is the smaller nonprofits.

It was the decision of the work session for that 50 percent to go out first. We can continue with the parameters that have been set up if they get the additional monies, and if they are not doing the work, they will not get it. We have a lot of people still hurting out there waiting for this work to be done. I refuse to send any dollar back to the federal government because I know it is needed in this state.

Senator Seevers Gansert:

I appreciate the discussion, and I understand the Governor's Office does want to review these and they have been reviewed before. My thought is the suggestion that the clock starts now. If they have any issues, they can get back to us. But I am looking at these nonprofits, and many of them are well known. There are not that many of them if we are able to go through here and actually look at them. The YMCA of Southern Nevada, the Children's Advocacy Centers of Nevada, the Boys and Girls Club; a variety of nonprofits that are pretty well known. Maybe the Governor's Office starts now, and if you have any issues get back to us, but especially because we are not going to be distributing money until July 31 of this year. Maybe your 10 or 15 days starts now and if they have any issues, they can get back to us. But I think it is reasonable for them to look at some of these nonprofits, because I think it is going to be pretty simple given there are just not that many of them. Also, so much of the money is actually contracted out to our agencies and then they have the ability to subcontract, so they will do their own vetting. These are really just the top-level direct contributions to some of the nonprofits and, I do agree with you that they have been vetted. But if they want to look a second time, if we start the clock now, I think it works out.

Amy Stephenson:

I can start the clock now. We can do that now and have that done.

Chair Monroe-Moreno:

As quickly as we can get the money out, that is what we need to do.

Assemblyman Hafen:

I just want to say I completely agree with you, Madam Chair, that the smaller organizations need the money as soon as possible. But I did have one question on the July 31 date. In a hypothetical world we are talking about a lot of money. How quickly could the checks go out before that July 31 date? And the reason that I am asking, is it feasible that the checks could go out to these organizations prior to the end of session?

Amy Stephenson:

Are you talking about getting the 50 percent out before the end of session which is June 6, 2023? I am making sure that I understand your question. We would have to go through to make sure they followed the grant requirements, but logistically after we have done that, we could get it out before.

Senator Neal:

In the second vetting process where you are saying that they are going to double check and, whether or not they have met the grant process, we know that they have been vetted. What if they do not meet this list of five parameters that is on page 12? Are you going to kick them out of the process? Because here is my thing, they were vetted, and I understand that you feel that you might need to double and triple check, but it was already triple checked. Why can you not just trust that there was a legitimate process that happened? That is how they made it to this final line because there were many months that these agencies went through hurdles. I feel like you are adding another set of hurdles, and I wonder what happens if they fail?

Amy Stephenson:

To answer the first part of your question, we would not automatically say they would not get the money. We would work with them to get whatever documentation they may not have understood. There is a lot of that. I know you said to trust but I was taught a long time ago to trust, but verify. We have had a nonprofit that we had to go and ask for that money back because they were fraudulent. We are doing this because of that experience. We do not want that to happen again.

Senator Neal:

I understand that. Fraud is at the top of my list. If you find out that someone is fraudulently submitting an application saying that they were going to do X and they are not doing it—absolutely—shut it all the way down. I am a fan of that every day. I just wanted to ask that question.

Chair Monroe-Moreno:

I do appreciate making sure that everyone is following the guidelines. And if we found one organization that is not following the guidelines—one bad apple—not everyone else should be punished for that one bad apple. I will say to Senator Seevers Gansert's question earlier about the FY 2025 at the bottom of page 12, there was a process for FY 2025.

SENATOR DONDERO LOOP MOVED TO DIRECT FISCAL ANALYSIS
DIVISION STAFF TO INCLUDE LANGUAGE IN THE 2023
AUTHORIZATIONS ACT TO MEMORIALIZE THE INTENT OF THE
MONEY COMMITTEES THAT 50 PERCENT OF THE APPROVED
AUTHORIZATIONS OF CORONAVIRUS STATE FISCAL RECOVERY
FUNDS IN FISCAL YEAR 2024 BE TRANSFERRED TO AND MADE
IMMEDIATELY AVAILABLE FOR STATE AGENCIES AND
ORGANIZATIONS FOR WHICH PROGRAMS HAVE BEEN APPROVED.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblywoman Kasama:

I am not quite sure how to vote because I have heard people saying that they can do assessments in 15 days. I think, unfortunately I have to be a no, because I approve the 50 percent for the state, but I want to make sure that the assessment is done quickly, and that was not part of the motion. I want to make sure that we still vet that for their risk assessment.

Senator Seevers Gansert:

I am actually ok with the motion. I have an expectation the Governor's Office is going to get back to us in the next 10 to 15 days if they have any issues. We received this money in June 2021, and we are almost to May 2023. It is time to move the money, and we need to make sure that they are verified if you have concerns about any of them. But given what you stated, it does not sound like it is a lot of time.

THE MOTION CARRIED. (SENATOR TITUS AND ASSEMBLYMEN HAFEN, KASAMA, AND O'NEILL VOTED NO. SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

Brody Leiser:

The next item for consideration begins on page 13 of the closing document [\[Exhibit D\]](#). This is information on the unobligated funding and projected savings from approved program allocations and determining priorities for consideration of possible reallocations of those savings to address Legislative priorities. As a reminder, if savings are realized for programs that will end this fiscal year, those savings will not be identified until the fiscal year is closed out, which will occur around September of this year after the 2023 Legislative Session has ended. With the December 31, 2024, federal deadline to obligate these funds, the full Legislature would not have another opportunity after the conclusion of the 2023 Legislative Session to prioritize the use of any identified savings or unobligated funds.

There is some information on page 14 of your closing document. As I mentioned earlier, \$33.9 million of savings has been identified through actions taken by the Interim Finance Committee as well as actions taken during Subcommittees' closings and through information provided by state agencies. Very briefly, I will talk about just where that \$33.9 million is coming from. You may recall, there was a work program at the April 6, 2023, IFC meeting that identified \$7.5 million in savings relating to community-based testing sites and a testing call center.

There is approximately \$5.3 million of savings that is identified through the Department of Employment, Training and Rehabilitation. They are projecting expenditures of \$3.5 million of the \$8.8 million that was approved for FY 2023 to support intermittent positions to address the backlog in unemployment insurance claims. There is approximately \$9.4 million that relates to the Nurse Apprentice Program as closed in the Human Services Subcommittees on April 7, 2023. The Division of Public and Behavioral Health projects expending \$11.3 million of the \$20.7 million initially approved for that program leaving \$9.4 million in

savings. And then there is about \$11.7 million in savings, again as reflected in the closing before the Human Services Subcommittees on April 25, 2023. This relates to a project through the Division of Public and Behavioral Health for renovation and use of space at the City of Las Vegas Detention Center for forensic beds, due to delays in getting the two units at that facility available to begin renovations. In the timing of those delays, there is going to be savings associated with that project, which included funding not only for renovation but for staffing that facility.

At the bottom of page 14 we were asked to look at the remaining authority under the \$100 million set aside for state agencies. To date, approximately \$68 million of the \$100 million has been allocated. There is \$4.1 million of additional authority included in the Governor's base budget to continue programs over the upcoming biennium. Additionally, there is \$5.6 million in savings identified under this overall allocation that is the result of a federal reimbursement that is anticipated through the Office of Military for funding that was used to close out FY 2022.

The net impact of those changes leaves approximately \$33.5 million under this program. There is a table on page 15 [[Exhibit D](#)] showing about \$24.4 million in pending requests that the Governor's Finance Office intends to bring forward under the \$100 million authority. I would note there are a couple of items that have been approved through closing actions of budgets. The fourth item down shows \$500,000 for the Department of Education for a licensing system that will be recommended by the Subcommittees for full Committee consideration. The full Committees did approve funding to continue the Office of Small Business Advocacy over the upcoming biennium.

A number of these requests would be made through the work program process, and ultimately come through IFC, but the money committees could consider reobligating the funding that is currently unobligated under the \$100 million authority. If all \$24.4 million is approved as shown on this table that is on the radar for the Governor's Finance Office, it would leave about \$9 million of authority under the \$100 million set aside for state agencies.

The savings discussion is probably the entire discussion with the Coronavirus State Fiscal Recovery Funds and is a very fluid discussion. Things change on a weekly basis, if not on a daily basis. We have done our best to identify some large program savings that we know about, but again, it certainly is reasonable to anticipate there are going to be additional savings that will be identified, and that may be identified upon conclusion of the 2023 Legislative Session.

While we have no specific programs or decision points for how to use the savings that have been identified, there is some information at the bottom of page 15 that the Committees could consider. The Committees could request the draft of a bill to specify how future Coronavirus State Fiscal Recovery Fund savings are to be obligated. This could be done either in a priority order or based upon a set percentage allocation of any savings for specifically identified priority program areas in accordance with allowable uses of the funds. If the

Committees wish to draft legislation for this purpose, consideration should be given to identifying priority areas in which the funds could be distributed and spent in a manner that would meet the federal expenditure deadline of December 2026. The Committees may also wish to provide some level of flexibility in the reallocation of savings to ensure that there is no delay in getting the funds obligated and spent by the deadlines, but also to allow for alternative considerations upon approval of the Interim Finance Committee in the event that a priority outside of those identified in the legislation arises and for which consideration could be given.

Do the Committees wish to request drafting of legislation to specify how identified and future Coronavirus State Fiscal Recovery Fund savings are to be obligated either in priority order or based upon a set percentage allocation of any savings for specifically identified priority program areas in accordance with allowable uses of the funds?

SENATOR DONDERO LOOP MOVED TO REQUEST DRAFTING OF LEGISLATION TO SPECIFY HOW IDENTIFIED AND FUTURE CORONAVIRUS STATE FISCAL RECOVERY FUND SAVINGS ARE TO BE OBLIGATED EITHER IN PRIORITY ORDER OR BASED UPON A SET PERCENTAGE ALLOCATION OF ANY SAVINGS FOR SPECIFICALLY IDENTIFIED PRIORITY PROGRAM AREAS IN ACCORDANCE WITH ALLOWABLE USES OF FUNDS.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

Brody Leiser:

Given the magnitude of these funds yet to be spent by the state, as well as concerns raised by the money committees with the delays and implementation of programs and concerns with the likelihood that all funds will be expended by December 31, 2026, consideration could be given to issuing a letter of intent so that the Interim Finance Committee (IFC) receives regular updates on the status of approved programs. This would allow the IFC to be updated on a regular basis regarding identification of any savings, as well as being apprised of any changes or clarification received on the U.S. Treasury's rules and guidelines that could impact the policies relating to the demonstration of funding obligations, as well as changes or updates to the deadlines to obligate and expend the funds.

Fiscal Analysis Division staff has provided detailed information regarding approved allocation of these funds as a standing agenda item of the IFC. If the Committees desire, Fiscal staff would still continue to present that standing agenda item. However, that item has

not focused on year-to-date expenditures or individual program status updates that may be useful for the Committees. If a letter of intent were issued, it could also include language directing the Governor's Finance Office to provide a more comprehensive report that not only identifies program obligations but includes status updates as well as spending to-date figures so that progress on spending down the state's allocation of these funds is transparent and made available. In addition, it would allow for an opportunity to provide the IFC with an update on the status of the policy change with regards to the advancement of Coronavirus State Fiscal Recovery Funds.

Do the Committees wish to issue a letter of intent directing the Governor's Finance Office to submit a report for each regularly scheduled meeting of the IFC in order to provide an update on Coronavirus State Fiscal Recovery Funds? Each report would include a summary, status, and actual spending of funds for approved programs; the identification of any savings from specific program allocations following the conclusion of the 2023 Legislative Session; any updates from the U.S. Treasury impacting the administration and deadlines to obligate and expend the funds; and updates on the policy change to advance Coronavirus State Fiscal Recovery Funds to state agencies and organizations.

SENATOR DONDERO LOOP MOVED TO ISSUE A LETTER OF INTENT DIRECTING THE GOVERNOR'S FINANCE OFFICE TO SUBMIT A REPORT FOR EACH REGULARLY SCHEDULED MEETING OF THE INTERIM FINANCE COMMITTEE IN ORDER TO PROVIDE AN UPDATE ON CORONAVIRUS STATE FISCAL RECOVERY FUNDS. EACH REPORT WOULD INCLUDE A SUMMARY, STATUS, AND ACTUAL SPENDING OF FUNDS FOR APPROVED PROGRAMS; THE IDENTIFICATION OF ANY SAVINGS FROM SPECIFIC PROGRAM ALLOCATIONS FOLLOWING THE CONCLUSION OF THE 2023 LEGISLATIVE SESSION; ANY UPDATES FROM THE UNITED STATES TREASURY IMPACTING THE ADMINISTRATION AND DEADLINES TO OBLIGATE AND EXPEND THE FUNDS; AND UPDATES ON THE POLICY CHANGE TO ADVANCE CORONAVIRUS STATE FISCAL RECOVERY FUNDS TO STATE AGENCIES AND ORGANIZATIONS.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

Brody Leiser:

The final consideration with this budget is the Other Closing Items on page 17 [\[Exhibit D\]](#). There are seven Other Closing Items. These are all decision points that would be presented

in the individual agency budget account closings. Consideration for Other Closing Item 7 would be to not approve decision unit enhancement (E) 249 consistent with action recommended by the Subcommittees on Public Safety, Natural Resources, and Transportation in closing the Department of Public Safety budgets on April 26, 2023.

Fiscal Analysis Division staff recommends Other Closing Items 1 through 6 be closed as recommended by the Governor and consistent with the actions taken by the Committees in closing the receiving agency budgets, Other Closing Item 7 not be approved, consistent with the recommendation of the Subcommittees on Public Safety, Natural Resources, and Transportation in closing the Department of Public Safety budgets, and requests authority for staff to make technical adjustments as necessary.

SENATOR DONDERO LOOP MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 6 AS RECOMMENDED BY THE GOVERNOR AND CONSISTENT WITH ACTION TAKEN BY THE COMMITTEES IN CLOSING THE RECEIVING AGENCY BUDGETS; OTHER CLOSING ITEM 7 NOT BE APPROVED CONSISTENT WITH THE RECOMMENDATION OF THE SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND TRANSPORTATION IN CLOSING THE DEPARTMENT OF PUBLIC SAFETY BUDGETS; AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

ELECTED OFFICIALS
OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF FINANCE - SMART 21 (101-1325)
BUDGET PAGE ELECTED-83

Cathy Crocket, Senate Chief Principal Deputy Fiscal Analyst:

The Smart 21 budget begins on page 19 of the closing packet [\[Exhibit D\]](#). The Executive Budget recommends \$18.1 million over the upcoming biennium to continue operations of the Office of Project Management, including the Smart 21 project. The Smart 21 project has been terminated, and the Governor's Finance Office and the Department of Administration, as well as the State Controller, are seeking to start the project over with a new contract that will be presented for consideration at the October 2023 Board of Examiners meeting with a targeted go live date of January 1, 2025.

Work on the Smart 21 project was initiated when the 2013 Legislature approved \$350,000 to conduct a benchmarking study of the state's outdated, existing financial and human resource business processes and information systems which were implemented in 1999. The study found that the state's processes were highly manual and ineffective when compared to other states. Additional funding was appropriated by the 2015, 2017, 2019, and 2021 Legislatures to commence replacement of the existing systems. The Office of Project Management is guided by an executive committee comprised of the Director of the Governor's Office of Finance, the Director of the Department Administration, and the State Controller. The overall goals of the project include the following:

- Implement a commercial off-the-shelf, cloud-based, software-as-a-service system that supports statewide standardized data.
- Implement business process improvements statewide.
- Decrease manual and duplicative processes that do not add value.
- Provide enhanced reporting capabilities to improve decision-making.
- Improve information security.

Regarding the initial project implementation timeline during the 2017-2019 biennium, it was projected that implementation would occur from June 2018 through July 2020. During the 2019-2021 biennium, the Board of Examiners approved a contract with a system implementer, LSI Consulting, to implement SAP system software. Gartner was also contracted to provide independent verification and validation services to evaluate the status of the project on an ongoing basis. The Smart 21 project was to be deployed in a phased approach on March 1, 2021. The first phase was deployed, which included nonpayroll related human resource modules, such as employee recruiting. During the 2021-2023 biennium it was discussed at various meetings of the Interim Finance Committee that the project had experienced inconsistent project quality and a pattern of missed milestones resulting in delays in project deployment. On September 15, 2021, the executive committee sent a letter to LSI Consulting stating that deployed modules of the system have not been functioning at operating levels of reliability, stability, or performance specified in the contract. On June 7, 2022, at the direction of the executive committee, the Office of Project Management submitted an issue of notice to terminate the contract with LSI Consulting.

In July 2022, Gartner provided a summary of lessons learned following the termination of the contract with LSI Consulting. A brief summary includes recommendations related to: confirming the scope of the project and revising the project governance charters; revising the Office of Project Management staffing plan; and strengthening implementation service requirements to ensure vendor accountability.

In November 2022, the Office of Project Management entered into an \$11.4 million contract with Carahsoft Technology Corporation to conduct a 12-week review of the current state of the project. The contract with Gartner expired in November 2022 and was not renewed.

With regard to initial projected project costs during the 2017 Legislative Session, the Governor's Office of Finance testified the total system costs were projected to be \$50 million to \$60 million at that time, with ongoing subscription and maintenance costs of \$2 million to \$5 million annually. During the March 20, 2023, budget hearing, the executive committee indicated that the Smart 21 project has failed and was paused, and the path forward was being determined. On March 31, 2023, the executive committee sent a memo to all state agencies indicating that the implementation of SAP was being canceled with a roll back of live modules to legacy systems. The executive committee indicates it was unable to reach terms of an agreement with SAP on costs and an overall structure of the contract, and it did not have confidence that the project costs would not increase far beyond the original estimates provided by SAP. The roll back to legacy systems is currently scheduled for June 19, 2023, according to the Governor's Office of Finance. At this time, a system to replace SAP and a new system implementation vendor have not been identified. Additionally, the project cost to implement the replacement system is currently uncertain.

The table on page 23 [\[Exhibit D\]](#) provides an overview of the various state financial and human resources (HR) systems that are broken down into functions currently live with SAP that will be temporarily rolled back and then replaced with the new system. These are primarily HR-related systems. Live systems to be replaced with a new system are primarily financial systems. Systems to be retained include the budgeting system, a contract entry system, and some public-facing websites. When asked whether agencies responsible for the legacy systems would need additional resources to operate the systems in the upcoming biennium, the executive committee indicated that additional needs have not been identified at this time.

On April 19, 2023, Budget Amendment A233221325 was submitted by the Governor's Finance Office to adjust staffing in the Office of Project Management by eliminating 18 vacant positions based on duties anticipated to be needed in the upcoming biennium. This results in a \$3.9 million reduction over the upcoming biennium. The budget amendment also added approximately \$18,000 for licensing costs to support the legacy finance systems. Eliminated positions include four administrative service officers, three business process analysts, three personnel analysts, two management analysts, two personnel officers, one budget analyst, one IT professional, one program officer, and one training officer. With the elimination of 18 positions, 29 positions would remain within this budget.

There is a table on page 24 [\[Exhibit D\]](#) that displays the position titles and proposed duties of the remaining positions. As the project is currently paused and associated work is limited, the Governor's Finance Office indicates 13 positions are currently embedded in other state agencies assisting with the work of those agencies. These positions would transition back to the project once implementation resumes. The remaining positions are currently working on closing the SAP implementation, assisting with the roll back to legacy systems, and revising system requirements.

Fiscal Analysis Division staff also notes the Governor's recommended budget includes \$6.3 million for cloud services through LSI Consulting that were not addressed in the budget amendment. As cloud services will no longer be needed through LSI and the return to legacy systems is occurring, the Governor's Finance Office and Fiscal staff have agreed that it would be reasonable to remove these costs from the budget.

When asked whether statutory changes, particularly to Chapter 284, State Personnel System and Chapter 353, State Financial Administration, of *Nevada Revised Statutes* would be necessary to align state processes with the business processes of a modernized enterprise resource planning solution, the executive committee indicated some changes to Chapter 284 of NRS would be needed. The executive committee noted that changes proposed by the Governor through Senate Bill 431, particularly sections 65 through 103, could accomplish these changes. The agency indicated that even if no legislation to change provisions of Chapter 284 of NRS is approved, they would propose various changes to *Nevada Administrative Code* to streamline processes.

With regard to project costs, there is a table on page 25 [\[Exhibit D\]](#) that shows project costs beginning in 2016 to 2023 based on updated information provided by the Governor's Finance Office, and that shows total project costs through the end of this fiscal year would total \$79 million. This does not include \$350,000 in the 2013-2015 biennium with regard to the initial benchmarking study.

There is another table on page 25 [\[Exhibit D\]](#) that displays the adjusted budget after considering the budget amendment and the removal of LSI Consulting contract costs. The biennium total of this budget would be approximately \$8 million compared to the \$18 million originally recommended by the Governor, for a decrease of approximately \$10 million. To continue to monitor the implementation of the project throughout the upcoming biennium, the Committees may wish to consider issuing a letter of intent directing the agency to provide quarterly updates on the project.

Do the Committees wish to approve Budget Amendment A233221325 to eliminate 18 positions and support legacy system costs, for net savings of \$3.9 million, including \$3.1 million in General Funds and \$734,235 in Highway Funds, as well as the elimination of \$6.3 million, including \$5.1 million in General Funds and \$1.2 million in Highway Funds, in cloud service contract costs? Do the Committees also wish to issue a letter of intent requiring the agencies to report to the Interim Finance Committee on a quarterly basis to monitor the implementation of the Smart 21 project throughout the 2023-2025 biennium?

Senator Seevers Gansert:

This has been an extremely frustrating process, but specifically, I am looking at page 21 [\[Exhibit D\]](#) under November 2022. Under the last administration, there was a contract entered into for \$11.4 million with Carahsoft Technology Corporation for a 12-week review, which is like a million dollars a week. Did we ever receive any results from that contract?

Cathy Crocket:

If you refer to the table on page 25 [[Exhibit D](#)], it indicates the actual cost of the contract was \$4.5 million. It is my understanding that contract was terminated part way through without the status report ever being completed.

Senator Seevers Gansert:

If I have the timelines correct, it looks like they want to go to the Board of Examiners in 2023 with another contract, and they have an expectation of being able to deliver 100 percent of the package by 2025. That timeline is awfully short given that we have just spent 10 years working on this. I do not know if the administration can answer whether that is truly what their expectation is.

Chair Monroe-Moreno:

If the Governor's Finance Office and Director Robb would join our staff at the table, I think you can assist with some of the questions.

Jack Robb, Director, Department of Administration:

We know that is extremely fast. In reviewing everything with the executive committee, the reason it took so long before and the reason we failed, was the customization. We are shooting for simplification of the process and using an off-the-shelf product. We are shooting for what is referred to as an MVP, or minimum viable product, by January 1, 2025, knowing that there may need to be some enhancements after January 1, 2025, to make the system as robust as it needs to be. We have confidence that we can stand it up in that time with an MVP and an off-the-self product by simplifying the processes and not over-customizing like we tried the last time.

Chair Monroe-Moreno:

Smart 21 was initiated in 2013, and I think the state has invested a ton of money trying to make it successful. It is at a point where we understand we are putting a lot of good money to bad. I am encouraged with the transition we are making, and I appreciate the weekly meetings that we are having to keep us updated as we transition. I do not know what we are going to call this new program, but as a body, we will get regular updates so that we will not be back here in 2030 saying we wasted a lot more money. I will call for a motion to approve.

SENATOR DONDERO LOOP MOVED TO APPROVE BUDGET AMENDMENT A233221325 TO ELIMINATE 18 POSITIONS AND SUPPORT LEGACY SYSTEM COSTS, FOR NET SAVINGS OF \$3.9 MILLION, INCLUDING \$3.1 MILLION IN GENERAL FUNDS AND \$734,235 IN HIGHWAY FUNDS, AND THE ELIMINATION OF \$6.3 MILLION, INCLUDING \$5.1 MILLION IN GENERAL FUNDS AND \$1.2 MILLION IN HIGHWAY FUNDS, IN CLOUD SERVICES CONTRACT COSTS AND ISSUE A LETTER OF INTENT REQUIRING THE AGENCY TO REPORT TO THE INTERIM FINANCE COMMITTEE ON A QUARTERLY BASIS TO MONITOR THE IMPLEMENTATION OF THE SMART 21 PROJECT THROUGH THE 2023-2025 BIENNIUM.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any other discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

Cathy Crocket:

There is one Other Closing Item which Fiscal staff recommends be closed as recommended by the Governor and requests authority to make further technical adjustments as necessary.

Chair Monroe-Moreno:

I will call for a motion to approve.

SENATOR DONDERO LOOP MOVED TO APPROVE THE OTHER CLOSING ITEM AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

BUDGETS CLOSED.

* * * * *

We will go to the Legislative Counsel Bureau and then we will have the Nevada Legislature Interim and the State Printing Office.

**ELECTED OFFICIALS
LEGISLATIVE BRANCH
LEG - STATE PRINTING OFFICE (741-1330)
BUDGET PAGE LEGISLATIVE-16**

**ELECTED OFFICIALS
LEGISLATIVE BRANCH
LEG - NEVADA LEGISLATURE INTERIM (327-2626)
BUDGET PAGE LEGISLATIVE-13**

**ELECTED OFFICIALS
LEGISLATIVE BRANCH
LEG - LEGISLATIVE COUNSEL BUREAU (327-2631)
BUDGET PAGE LEGISLATIVE-9**

Brenda J. Erdoes, Director:

I have with me today, Dan Rushin, who is the Chief Financial Officer of the Legislative Counsel Bureau (LCB). He is going to start this presentation, and we will be happy to answer any questions you might have.

Dan Rushin, Chief Financial Officer:

We are here to present the budget closing document [[Exhibit F](#)] for the Legislative Branch of the state government. This encompasses budget account 2631 for the Legislative Counsel Bureau, budget account 2626 for the Legislature Interim, and budget account 1330 for the State Printing Office.

When we last appeared before you on March 17, 2023, we primarily discussed some changes that have been made to our adjusted base budget. Since that meeting, there have been quite a number of developments that have fundamentally changed the budget that is before you now. Primarily, the largest change that has occurred involves the expansion of our service capacity in southern Nevada. The budget that was presented on March 17, 2023, included funding for the construction of a building in southern Nevada with a long-term plan that the building would become operational in future biennium and staffed at that time. There have been changes to that plan, and currently, the expansion project includes the acquisition of multiple buildings in the southern Nevada area that already exist and can be occupied much faster. Therefore, the budget has now been modified to include the staffing and operating costs of those buildings.

These buildings will enable legislators to meet with constituents more easily in southern Nevada and enable residents to attend committee meetings in person. The buildings will also provide office space for permanent LCB staff, thus enabling the agency to enhance its service

capacity, and also recruit from a larger and more diverse workforce to better meet the needs of legislators and the public. The expansion project plan now provides for the initial acquisition of the buildings by the State Public Works Division. The buildings will then be occupied by the Legislature and at that time, be transferred to and maintained by the LCB. The capital costs related to the initial configuration and set up of these buildings are not included in this budget. Rather, these costs will be part of the request seeking appropriations for the acquisition of the property and buildings in Las Vegas and the related improvements in the LCB's one-shot Capital Improvement Program (CIP) appropriation requests that will be presented later in the session.

The current proposed budget for budget account 2631 now includes an additional enhancement unit that reflects the operational costs associated with the Las Vegas Office expansion project. This decision unit includes the costs related to the addition of 117 permanent LCB staff, their travel expenses, and other operating costs anticipated in the 2023-2025 biennium. On page 3 [\[Exhibit F\]](#) you will see a funding summary that illustrates the specific costs. The Las Vegas Office expansion is estimated to require approximately \$14.1 million of additional appropriations in fiscal year (FY) 2024 and \$16.5 million in FY 2025. The chart on page 3 shows the updated budget requests for the biennium that reflects these additional costs.

The most significant increases in our budget are reflected in the Administrative Division, which will provide the support for the operations of the buildings in southern Nevada. The Las Vegas Office expansion costs associated with the Administrative Division are projected to require \$11.3 million of additional appropriations in FY 2024 and \$12.6 million in FY 2025. This is illustrated on page 5 [\[Exhibit F\]](#). The Administrative Division expansion will require the addition of 88 positions that will primarily be in police and facilities services.

The remaining divisions of the LCB will also expand their service capacities in the southern Nevada facilities. The Audit Division will have an additional 15 positions, which will require an additional \$1.4 million of appropriations in FY 2024 and approximately \$2 million in FY 2025. The Legal Division is projected to require an additional \$1 million of appropriations in FY 2024 and \$1.3 million in FY 2025 to fund staffing of an additional 9 positions. Finally, the Research Division is projected to add 5 positions in the southern Nevada facility requiring an additional \$434,480 of appropriations in FY 2024 and \$574,437 in FY 2025. The budgets for the remaining budget accounts for the Legislative Branch have not changed significantly since our previous presentation.

The last page [\[Exhibit F\]](#) reflects that our one-shot appropriations request, and the capital improvement projects have changed significantly as we are no longer anticipating the construction of a new building. That amount has now been reduced to approximately \$91 million for the 2023-2025 biennium. At this time, we can answer any specific questions you might have.

Senator Seevers Gansert:

I have not seen this information before, so this is all new to me. I do not know if the other members have seen this. I am looking at the request for all the positions in Las Vegas. I think you mentioned that the 88 positions in the Administrative Division are mostly police and facility staff—people who maintain and secure the buildings. But I see 15 under the Audit Division, 2 in the Fiscal Analysis Division, 9 in the Legal Division, and 5 in Research, which I think is 31 employees. Because we are spreading them out over three large buildings, we have all these costs we are incurring. I just want to make sure I am getting this right to secure the buildings and clean the buildings. But in fact, we have 31 staff in some offices. So maybe you can help me with that for the record.

Brenda J. Erdoes:

This is a rather confusing scenario that we have developed quickly, and I apologize for that. What we are trying to explain is that we initially had asked for one building that would provide offices for legislators as well as staff. The thought was the additional staff that we talked about in our initial budget hearing, for example, the Legal Division, we would be better able to recruit from that area. It is a larger area to recruit from for the other divisions that have asked for employees. We believe that because we can now work through the computer in both areas that we can make this work. You probably realize that we have had recruiting problems for LCB employees for quite some time now, and we believe that this will really help, as well as add to the diversity of the group that we are able to recruit from.

There would be offices for legislators as well as this additional staff. I think there will be offices for the Fiscal Analysis Division. The other big thing that we probably have not mentioned clearly is the hearing rooms that will be matching to the hearing rooms in Carson City. When you have sessions in the future, you will be able to have a guaranteed redundancy in Las Vegas, so that people in Las Vegas would be able to attend and testify at all of the hearings. At least that is the intent, because we have been seeing more of a need for that, and we believe that will work very well. The technology and all of the other staffing is included for those hearing rooms, as well, and we believe that they will be used year-round. Because of the change in the interim study committees, we have more of those committees as well, and they would be able to be down there also. We envision most committees during the interim and session being video conferenced to both Carson City and Las Vegas.

Senator Seevers Gansert:

Thank you for that explanation. So, there are 31 people who will be working for us on an ongoing basis and the rest are about securing the buildings and cleaning the buildings. I just feel like we need to come up with a much more streamlined plan, so we do not have such significant overhead. I do not have any issues with hiring more employees and having some space down south and making sure that we have diversity and that you can recruit. Again, this is the first time I have seen this, but it just seems like an incredibly large budget for what we are trying to accomplish.

Assemblywoman Kasama:

I would have to put on the record that I am opposed to any large-scale expansion of the LCB down in southern Nevada to provide offices for each legislator down there. We meet every two years and the majority of us meet our constituents in our districts. I have never gone down to Grant Sawyer to meet constituents; I always meet them in my district, and I think that is what will continue to happen. I have been in the committee rooms in the Grant Sawyer Building, and it is rare that I have seen them full. I would have to be opposed to individual legislators' offices and this huge expansion. I think similar sizes to what we have has seemed sufficient for our operations. I would have to go with that summary based on this review.

Chair Monroe-Moreno:

I have been in this legislative body—this is my fourth term. The Legislature itself meets for 120 days every other year, but the work of the Legislature, if you are actually doing your job as a Legislator, is 365 days a year. It starts early in the morning, and it is late at night, and it is meeting, not just in your district, but in meetings throughout the community. I have met numerous constituents and business owners at Grant Sawyer and have to compete with other legislators to reserve the room because it was so limited. Having an office location in the South where there is the biggest population of the state, is key not just to legislators to do their work, but also our constituents. During the legislative process in the interim, when we hold our interim committee meetings, where our building is currently located, not everyone feels safe going there. That is kind of sad, but they do not. I feel, as a legislator who has been in this body for four terms, we need not just office locations, but staff and security. Unfortunately, it is not always safe, and it is not just for the legislators who are working in the building, but also for those staff who are working in the building. There will be a gift shop in those buildings, so there is someone who has to run them. As legislators, when we start working on legislation, some of us start the day after the legislative cycle ends and having Legal staff there to actually talk to or having a researcher there to work with directly and not on the phone, or by Zoom, is key to doing the work that we need to do as a state. It is time that we grow up as a state. We had talked about building a building ourselves, and we got this opportunity to actually purchase something that we can get into much quicker. The original conversation when this Legislature started was that we might get into the building by 2025, maybe 2028. We have an opportunity to actually be in the building by 2024 and be more accessible for our constituents, whether it is in our legislative office or in a coffee shop in our legislative districts. I needed to get that on the record.

Assemblywoman Jauregui:

I do not know if this is just a function of being part of the majority but having sat on seven interim committees and having chaired four of them, I will tell you that I probably spent more time during the interim in my legislative role than in my actual paying day role. I think having a permanent place where we can go and do our work is essential, and it is important to meet constituents, to meet with people with whom we are working on policy, to meet people who work in Legal, and LCB, and Constituent Services. I think it is going to be crucial in order for us to be able to provide the services that we need for our constituents.

Senator Goicoechea:

I am just looking at the new positions as well and especially Legal, Fiscal, and Audit. Do you anticipate eventually there will be fewer positions here in Carson City? Because I think what I am hearing you say is—because of the technology—you will have the ability for those people who are housed in the South to draft bills. Is that what we are anticipating? It is a significant number of people, otherwise we are really growing government. I guess that is my concern.

Brenda J. Erdoes:

Yes, this has been a difficult configuration to come up with, and what you are seeing in the number of employees tied to this are new positions. We are trying to respond to what we heard in the budget hearing earlier in this session—getting bill drafts done more quickly—getting all these things done more quickly. That ties into the Research Division, which also helps with that, but also Constituent Services, we believe will be very well used there. We will also have additional room in the building to move people back and forth as that becomes necessary. If you have been to the Sedway Office Building lately, it is fully packed with staff, as is the staff quarters in this building. To the extent that we can relieve that shortage of space here with people who will want to work down there, we would be offered that opportunity to get to a fuller staffing down there. It is hard to predict this, honestly, but we do know that we get a number of requests for legislators to work with staff directly. We believe that this will help with that. We do not really have anything hard and fast to tie that to, but we now feel that we have the information technology staff, which is the second largest component, to ensure that we can keep everybody's computers up and running and the connectivity to do different things. The only thing that is not completely on the computer is codification where we take all the things that you do during the session and get them into the *Nevada Revised Statutes* as quickly as possible. They are working right now on a system to automate that the rest of the way.

Senator Goicoechea:

If we are going to make the shift to the South, I assume at some point, you will have less personnel here in this building, or at least you should. Is that the case?

Brenda J. Erdoes:

That is what we are hoping. This building is chock-full, and so is the other building that we have. If we can relieve that so everybody has a better space to work, that would be a great thing.

Senator Dondero Loop:

I just wanted to make a couple comments. The Legislative Counsel Bureau has worked very hard on this process, not only with the Governor's Office, but with some other input. We already have two divisions that are in these buildings, the Cannabis Compliance Board and Taxation. We need to remember that not everybody here is in a position to meet someone at their day office. I do not have a day office—it is my kitchen table. If I am working with another legislator on a project, we might have to sit in a Starbucks where, who

knows who is listening. It would be really nice to have an office if somebody is from the other side of town, this would be midpoint for us to work on things. I do not have a secretary, and even if I was teaching right now, I would not be able to have constituents come to my school and meet with me, and we would have to meet outside of that school. Some of you may have businesses where you can do that, but I certainly could not, and I think there are many of us here who could not. I do not think that anybody is saying one side of our state is more important than the other side of the state. I just think that we are growing, and we need to take a look at that and recognize it. We have a large presence in the southern Nevada area, and we are also paying money to fly back and forth for whatever we do. It is time for us to do this; our Governor, our Secretary of State, and our State Treasurer along with other entities are part of this group that will be in these buildings, along with our other divisions. It would be really nice for everybody to be on one campus where they can interact.

Senator Harris:

I want to second everything that Senator Dondero Loop mentioned and also indicate, I do not think there is anyone on these Committees who thinks that LCB is currently overstaffed or that they have not had to work long hours to do the work of three or four people. We all know that, and this is what a proposal that addresses that stress looks like. I personally look forward to a time where my constituents can come visit me in my actual office instead of having to fly up here to Carson City, which we know not everyone can do. I have gotten emails from people telling me that they went to my mailing address because they thought it was my office, were rather disappointed, and said, "oh, you must have moved—it is a UPS now." This will address that we know where our population is, and they deserve to have the type of access that a citizen's Legislature says our constituents have access to. This will make that more of a reality.

Assemblywoman Dickman:

I have never had a constituent want to drive 75 miles round trip to meet me down here, and outside of session, I have never had a constituent be here. My question is, would Assembly District 31 have an office maintained here and down there?

Brenda J. Erdoes:

Our current plans are not absolute. Our thought is that if you wanted an office, we would make sure that we had space for that, but we would not assign you an office in Las Vegas unless you asked for one. I have had indications from some people in northern Nevada districts who have shown an interest in having an office there for when they may want to meet with the interim study committees in Las Vegas. I do not honestly know how much need there would be, but I think that the offices here are as close as we have right now for the Reno-Sparks area as well as the rural areas around here, which is a considerable distance. We have not come up with anything that would make that any easier, or locations that would work better. Not very long ago we were not thinking that we would be doing something in Las Vegas, so, if you have ideas, we are certainly happy to help with that.

Chair Monroe-Moreno:

I am not sure what my colleague meant by maintain, but we do not maintain any of our offices. We have staff for that whether it is here in Carson City or the new office that would be down in southern Nevada. I think everyone has a copy of the map of the campus [\[Exhibit G\]](#), and I want to remind the Committees these are not just Legislative buildings we are talking about—this would be a campus. The Governor would have a building, our constitutional officers would have a building, and other state offices would be on this campus. It is more than just the Legislature and, I wanted to remind everyone of that.

When Senator Harris said that our employees do the work of sometimes two or three people, they do that because we have vacancies, and we have had a difficult time recruiting. Not everyone wants to move up to Carson City, but they would love to work for the State of Nevada—especially with the compensation package that we have put together this Legislative session. This gives us an opportunity to address the needs that we have heard from our constituents and give our current staff a break, so they can do the job they were hired to do, and not the job of three people. Also, to make sure that our constituents have a space to meet their legislators and the legislators have a space to work out of and not the UPS store. I have gotten yelled at about that a few times.

Senator Goicoechea:

I am very unique because I come from a district that goes from Idaho to southern Nevada, and my office is my pickup truck. I hate to say it, but when I go down there and meet with a constituent or another legislator, we are meeting in a coffee shop or a restaurant. That is how we have to do it. It will not impact me because by the time you get this up, I will be out of here, so it is not really an issue. I guess my real concern with it is I understand the need for the office; I just do not understand how we are going to have 117 additional people. That is really growing the government, but I am sympathetic for the need, both north and south. I drive from Eureka here to meet a constituent, and I do that because most people are not comfortable in my dirty pickup, and that is where we are. It is a significant growth in employees, and I understand we can probably hire them easier in southern Nevada. If we get it right, it will probably work, but I am concerned about that much growth and that many new employees in the Bureau.

Chair Monroe Moreno:

I will call for a motion to approve.

SENATOR DONDERO LOOP MOVED TO APPROVE BUDGET ACCOUNT 2631, LEGISLATIVE COUNSEL BUREAU; BUDGET ACCOUNT 2626, INTERIM LEGISLATURE; AND BUDGET ACCOUNT 1330, STATE PRINTING OFFICE AS PRESENTED BY LEGISLATIVE COUNSEL BUREAU STAFF.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblyman Yeager:

I wanted to make a few comments. I know we have talked about this extensively, but maybe a reminder is needed for all of us that the Legislative Branch is a coequal branch of government, and we need to advocate for ourselves. We have been hearing budget presentations from the Judicial Branch and the Executive Branch and every single one of those people are asking for more employees to be able to do the work. I see this as very much in line with this and would also note, that in my opinion, we are the weakest branch of state government; we are here every other year, part-time, which makes our staff even more important because all of us go back to other jobs in the interim. I see this as a good governance measure.

As it has been noted, the other constitutional offices will be colocated in this space. I think that is going to allow for collaboration in the interim in a way that we do not really have right now. I will say as Chair of the Legislative Commission, and I know we have the chairs of the IFC on these Committees, I do not think people realize what goes into the legislative work that happens in the interim with those two Committees. It is extraordinarily busy, not just for those, but for all of our interim committees. As I mentioned, staff is even more important in a world where we have term limits. Most people do not serve their full term, so that continuity may not help us, but it is certainly going to help the Legislative Branch into the future. I think about days that I have down in southern Nevada where I spent my entire day driving from one locale to another trying to have meetings with constituents, with lobbyists, with legislative meetings. I mean, there are literally days where I do not even make it into my real job, and I think about what it would be like if we had a space like we do here where I could stack a whole bunch of meetings. Yes, that helps me, but I think it also helps the state because it helps us be effective to our constituents and helps us prepare for the legislative session and helps staff. We are not having meetings at Starbucks where you are talking about sensitive ideas and information and always looking over your shoulder to see who is there.

The last thing I wanted to say on the Legislative Police and security front is this work is getting more difficult, and it is getting more dangerous in the world that we live in. It is not something that I have talked about all that much, publicly, but a number of us in the Legislature had to testify at a criminal trial not too long ago about someone making death threats against us and our families. Thankfully, that person was convicted and sentenced to prison, but these are real threats.

If we are going to do this, and we are going to do it right, we need to have a building that is staffed and maintained appropriately. As Director Robb has said, we do not want \$20,000 problems to turn into \$2 million problems by not maintaining buildings and that includes Legislative Police. I do not see this as an overbearing expansion of the Legislative Branch. I see this as the Legislative Branch advocating for its rightful place in our state government and asking for what we need to be able to effectively represent our constituents

in the interim. Let us not forget that 80 percent of us come from southern Nevada. We do this because it is public service. But in the interim, it is really hard to operate without a dedicated space for us and our staff. I just say that to indicate that I am obviously supportive of this. I think it is well past time that we advocate for ourselves, thereby benefiting the citizens of Nevada.

Senator Seevers Gansert:

You know, I am in agreement with the campus. I appreciate that we are going to be able to have the Governor's Office, the Executive Branch, and constitutional officers on the same campus, and it looks like it is a great spot. I appreciate that this administration was able to find that instead of building new buildings. I also agree that we could use more staffers with LCB. I think our staff is incredible, but I know they are overworked. But, when I contemplate the amount of money we are going to spend on the expansion, I think about our positions. First of all, folks from southern Nevada—absolutely—I think you need offices and need to be able to meet people. Oftentimes, with businesses, you use something called a hotel office, like a rotating office. You can use offices and conference rooms when needed for people to meet, and this would be extremely helpful. I also think we need to keep in mind that we are honored to serve—we represent our constituents, and we are also stewards of the taxpayer's money—and I am very concerned about this large expansion. I am not sure it is over two buildings, or three buildings—part of it is the expansion of the physical space when perhaps we could use hotel offices and conference rooms to be able to make sure that the individuals, particularly who are in Clark County, can serve the constituents, how they want to serve the constituents. I am very supportive of you. This is just too much of an expansion.

The last thing I will say is that we are in these positions, and we work really hard too, and I understand that we need to advocate for ourselves. But we also have to recognize that we are temporary; that we are here for a limited period of time, and we need to not consider ourselves personally. I think we need to look at the body and how the body can function best in the long run. What do we need versus what do we want? I am going to be a no because I think this is just too much—it is too large of an expansion. Respectfully, recognizing that the representatives from the south need space and it would be very helpful for them. Lastly, I will say there are only 31 LCB staffers in these buildings—only 31 staffers that are in Audit, Research, Fiscal, and Legal. The rest of them are around securing and cleaning the buildings because it would be a spread-out campus for just our portion of the campus.

Senator Titus:

I will be a definite no on this budget item. Although I appreciate the concerns of my southern Nevada colleagues, everybody in this building who ran for election understood and has participated in this process knowing full well where we are located, and what that process is. With this significant expansion of government, I feel strongly that I, who has to drive no matter where these buildings are located, knew that when I ran for office. It is certainly a large leap in government that I cannot support.

Chair Monroe-Moreno:

I remind members that we are not taking a vote on purchasing buildings today; we are taking a vote on the Legislative Counsel Bureau operating costs.

THE MOTION CARRIED ON THE ASSEMBLY SIDE AND FAILED ON THE SENATE SIDE. (ASSEMBLYMEN DICKMAN, HAFEN, KASAMA, AND O'NEILL AND SENATORS GOICOECHEA, SEEVERS GANSERT, AND TITUS VOTED NO. SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

BUDGETS CLOSED.

* * * * *

**COMMERCE & INDUSTRY
PUBLIC UTILITIES COMMISSION
PUC - PUBLIC UTILITIES COMMISSION OF NEVADA (224-3920)
BUDGET PAGE PUC-10**

Morgan Barlow, Program Analyst:

Page 29 of the closing document [[Exhibit D](#)] shows the budget account for the Public Utilities Commission (PUC) of Nevada. This is the singular budget of the Public Utilities Commission and is considered a staff-closed budget. There are no Major Closing Issues. This budget has not been heard before the Committees previously, and Fiscal Analysis Division staff is responsible for preparing the recommendations for this budget account.

The PUC regulates public companies engaged in electric, natural gas, telephone, water, and sewer services and has oversight authority regarding electric and gas utilities' administration of renewable energy incentive and demonstration programs and administers the portfolio energy credit program. As mentioned, there are no Major Closing Issues identified for this budget. There are three Other Closing Items, and Fiscal staff recommends a technical adjustment for Other Closing Item 3 on page 30, to decrease reserves of the agency in alignment with the lease agreement for the Carson City office. Both the agency and the Governor's Finance Office concur with this adjustment. Therefore, Fiscal staff recommends closing Other Closing Items 1 and 2 as recommended by the Governor and Other Closing Item 3 be closed with the noted technical adjustment to align building lease expenditures, and request authority for staff to make technical adjustments as necessary.

Chair Monroe Moreno:

I will call for a motion to approve.

SENATOR DONDERO LOOP MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 2 AS RECOMMENDED BY THE GOVERNOR, AND OTHER CLOSING ITEM 3 BE CLOSED WITH THE NOTED TECHNICAL ADJUSTMENT TO ALIGN BUILDING LEASE EXPENDITURES, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

**SPECIAL PURPOSE AGENCIES
DEPARTMENT OF SENTENCING POLICY
DEPARTMENT OF SENTENCING POLICY (101-1010)
BUDGET PAGE SENTENCING POLICY-3**

Nicolette Johnston, Program Analyst:

Budget account 1010 is the Department of Sentencing Policy. This Department supports and assists the Nevada Sentencing Commission in making data-driven sentencing and corrections policy recommendations to the Legislature. This is a staff-closed budget [page 31, [Exhibit D](#)] and has not been previously heard by the Committees. There will be one singular motion on the last page of this packet. There are no Major Closing Issues.

There are four Other Closing Items. Other Closing Item 3 is Budget Amendment A232671010 which was submitted by the Governor's Finance Office on March 31, 2023, and recommends General Fund appropriations of \$30,655 in each year of the upcoming biennium to fund the agency's share of costs for the Department of Administration, Administrative Services Division to provide fiscal duties and budgetary support. The cost allocation charges paid to the Administrative Services Division (ASD) to provide the support would cost less than adding staff to perform these fiscal duties. A companion budget amendment was submitted to address ASD's needs for two budget analyst positions which was heard yesterday, April 28, 2023, during the Administrative Services Division budget closing and

was approved by the joint Subcommittees on General Government. As such, Budget Amendment A232671010 for the Department of Sentencing Policy is contingent upon approval of Budget Amendment A231071371 for the two positions in ASD.

Other Closing Item 4 addresses unclassified position changes. As originally recommended, the Governor's budget increases General Fund appropriations by approximately \$23,000 over the 2023-2025 biennium to convert an unclassified Staff Attorney position to a Chief Financial Officer position, as well as to increase in-state and out-of-state travel for this position. Of the total, approximately \$18,000 was recommended to fund the salary and benefit increase of the position conversion over the upcoming biennium. However, on April 14, 2023, the Governor's Finance Office transmitted Budget Amendment A232991010 which revises the position conversion recommendation in decision unit enhancement (E) 815 from a Staff Attorney position to a Deputy Director position to align the position title commensurate with the Department's needs. The budget amendment reduces General Fund appropriations in decision unit E-815 by approximately \$9,000 in each year of the biennium to revise the recommended position conversion to a title change only, with no change in salary. Decisions pertaining to unclassified salaries and position changes will be determined by the Committees at a later date when the Pay Bill is considered. This decision unit also includes General Fund appropriations of \$662 in each year of the upcoming biennium as recommended by the Governor for in-state travel for the Deputy Director as well as \$1,949 in General Fund appropriations for out-of-state travel in each year of the upcoming biennium, so that the Deputy Director may attend the National Sentencing Policy Conference with the Director.

Fiscal Analysis Division staff recommends that Other Closing Items 1 and 2 be closed as recommended by the Governor and Other Closing Item 3 be closed as recommended by Budget Amendment A232671010 contingent upon the approval of Budget Amendment A231071371 in the Administrative Services Division budget which recommends two new positions to support the additional workload as a result of the Division providing services to new agencies in the upcoming biennium, and Other Closing Item 4 be closed as revised by Budget Amendment A232991010, which reduces recommended General Fund appropriations by \$9,742 in FY 2024 and \$9,011 in FY 2025 to remove the salary increase associated with the conversion of a Staff Attorney position to a Deputy Director position. Fiscal staff requests authority to make technical adjustments as necessary.

Chair Monroe Moreno:

I will call for a motion to approve.

ASSEMBLYWOMAN JAUREGUI MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 2 AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEM 3 BE CLOSED AS RECOMMENDED BY BUDGET AMENDMENT A232671010 FOR GENERAL FUND APPROPRIATIONS OF \$30,655 IN EACH YEAR OF THE 2023-2025 BIENNIUM TO FUND THE AGENCY'S SHARE OF COSTS FOR THE DEPARTMENT OF ADMINISTRATION'S ADMINISTRATIVE SERVICES DIVISION TO PROVIDE FISCAL DUTIES AND BUDGETARY SUPPORT FOR THE DEPARTMENT OF SENTENCING POLICY OVER THE 2023-2025 BIENNIUM CONTINGENT UPON THE APPROVAL OF BUDGET AMENDMENT A231071371 IN THE ADMINISTRATIVE SERVICES DIVISION BUDGET, WHICH RECOMMENDS TWO NEW POSITIONS TO SUPPORT THE ADDITIONAL WORKLOAD AS A RESULT OF THE DIVISION PROVIDING SERVICES TO NEW AGENCIES IN THE UPCOMING BIENNIUM, AND OTHER CLOSING ITEM 4 BE CLOSED AS REVISED BY BUDGET AMENDMENT A232991010, WHICH REDUCES RECOMMENDED GENERAL FUND APPROPRIATIONS BY \$9,742 IN FISCAL YEAR 2024 AND \$9,011 IN FISCAL YEAR 2025 TO REMOVE THE SALARY INCREASE ASSOCIATED WITH THE CONVERSION OF A STAFF ATTORNEY TO A DEPUTY DIRECTOR POSITION, AND \$77,828 IN GENERAL FUND APPROPRIATIONS IN FISCAL YEAR 2024 AND \$95,059 IN FISCAL YEAR 2025 TO SUPPORT A NEW MANAGEMENT ANALYST 4 POSITION TO PROVIDE ADDITIONAL STAFFING FOR DATA COLLECTION, AND AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DONDERO LOOP SECONDED THE MOTION.

Is there any other discussion on the motion?

Assemblyman Yeager:

I just want to express that I am supportive of the motion. I think the Department of Sentencing Policy is tasked with doing some very critical things in the state in looking at our criminal justice system and analyzing what is happening there. I am particularly appreciative for General Fund appropriations to add a position. One of the things we have complained about is a lack of actionable data in this state because we do not seem to consistently collect data across the state. The whole vision behind the Department of Sentencing Policy is they

would be able to do that, so we as the Legislature can make better decisions when it comes to policy. I think adding this position will help them to do that. Frankly, I am worried if we do not do that, the Department will not be able to carry out their statutory duties, so I urge everyone on the Committees to support that.

Chair Monroe-Moreno:

I will take the vote.

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

That takes us to our reports from Subcommittees. Our next report is from the Department of Business and Industry.

Morgan Barlow, Program Analyst:

I am joined here by my colleagues, Yuriy Ikovlev and Justin Luna. We are program analysts for the Fiscal Analysis Division of the Legislative Counsel Bureau, and we are assigned the Department of Business and Industry. We are here to present before the Committees the Subcommittees on General Government closing report [[Exhibit H](#)].

The Subcommittees on General Government have completed their review of the budgets for the Department of Business and Industry for the 2023-2025 biennium. When compared to the Governor's recommended budget, the Subcommittees' closing recommendations resulted in an increase in General Fund appropriations of \$7,175 in each year of the 2023-2025 biennium.

Business and Industry Administration Budget (101-4681) B&I-14: As recommended by the Governor, the Subcommittees recommended approval of \$5,250 in new fee revenue, to be placed in reserve, each year of the 2023-2025 biennium resulting from the registration of structured settlement purchase companies contingent upon the passage and approval of Senate Bill 449, or other enabling legislation.

Division of Industrial Relations (210-4680) B&I-59: The Subcommittees recommended approval of the Governor's recommendation for an allocation from the Workers' Compensation and Safety Fund totaling \$2.1 million over the 2023-2025 biennium to fund the modernization of the Division of Industrial Relations Claims and Regulatory Data System.

Home Means Nevada Initiative (101-3840) B&I-92: The Subcommittees recommended approval of federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds of \$125 million in each year of the 2023-2025 biennium to continue funding for the Home Means Nevada Initiative budget, as recommended by the Governor.

Account for Affordable Housing (101-3838) B&I-99: The Subcommittees recommended approval of federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds of \$4.4 million in each year of the 2023-2025 biennium to continue funding for a portion of an affordable housing project on county-owned land in west Las Vegas, as recommended by the Governor.

Taxicab Authority (245-4130) B&I-158: The Subcommittees recommended approval of the Governor's recommendation to reclassify one existing vacant classified chief compliance/enforcement investigator position to an unclassified Deputy Administrator position, which would increase reserves by \$22,031 over the 2023-2025 biennium.

Nevada Transportation Authority (101-3922) B&I-170: The Subcommittees recommended approval of Highway Fund appropriations totaling \$741,398 over the 2023-2025 biennium for three new compliance enforcement investigator positions to create a Special Investigations Unit, as recommended by the Governor. The Subcommittees further recommended approval of the Governor's recommendation for Highway Fund appropriations totaling \$251,396 over the 2023-2025 biennium for two new administrative assistant positions to provide support for the agency's Applications Unit in the Las Vegas office and to provide supervision in the Reno office.

Labor Commissioner (101-3900) B&I-184: The Subcommittees recommended approval of the Governor's recommendation to continue funding the State Apprenticeship Program by replacing federal Workforce Innovation and Opportunity Act Governor's Reserve funds transferred from the Department of Employment, Training and Rehabilitation with General Fund appropriations totaling \$295,148 over the 2023-2025 biennium, inclusive of the General Fund appropriations of \$18,458 in the base budget.

Division of Mortgage Lending (101-3910) B&I-221: The Subcommittees recommended approval of the Governor's recommendation to reduce reserves by \$166,234 over the 2023-2025 biennium for one new compliance/audit investigator position. The Subcommittees further recommended approval to reduce reserves by \$239,987 over the 2023-2025 biennium for one new IT professional position to develop and implement a cybersecurity examination program. Finally, due to continued concern over the Division's projected reserve level, which is equivalent to approximately 1,650 and 1,568 days of expenditures in FY 2024 and FY 2025, respectively, the Subcommittees recommended the issuance of a letter of intent instructing the Division of Mortgage Lending to provide the Interim Finance Committee with a report prior to the commencement of the 2025 Legislative Session on efforts to reduce its reserve to a reasonable level.

The Subcommittees recommended approval of all Other Closing Items within the Department of Business and Industry's budgets, as recommended by the Governor with technical adjustments noted by staff and authorized Fiscal Analysis Division staff to make technical adjustments as necessary.

The Subcommittees recommended closing the following Department of Business and Industry budgets as recommended by the Governor, with or without minor technical adjustments:

- Office of Business and Planning (101-4677) B&I-8.
- New Markets Performance Guarantee (101-4678) B&I-12.
- Private Activity Bonds (101-4683) B&I-20.
- Insurance Regulation (504-3813) B&I-32.
- Captive Insurers (504-3818) B&I-38.
- Insurance Recovery (504-3821) B&I-42.
- Self-Insured–Workers' Compensation (210-4684) B&I-43.
- Occupational Safety & Health Enforcement (210-4682) B&I-66.
- Safety Consultation and Training (210-4685) B&I-74.
- Mine Safety & Training (210-4686) B&I-81.
- Housing Division (503-3841) B&I-94.
- Special Housing Assistance (101-3839) B&I-106.
- Weatherization (101-4865) B&I-108.
- Housing Inspection & Compliance (101-3845) B&I-113.
- Employee Management Relations Board (101-1374) B&I-121.
- Real Estate Technology Account (101-3822) B&I-131.
- Real Estate Administration (101-3823) B&I-133.
- Real Estate Education and Research (216-3826) B&I-139.
- Real Estate Recovery Account (216-3827) B&I-144.
- Common Interest Communities (101-3820) B&I-146.
- Transportation Authority Admin Fines (101-3923) B&I-176.
- Nevada Attorney for Injured Workers (101-1013) B&I-192.
- Division of Financial Institutions (101-3835) B&I-203.
- Financial Institutions Investigations (101-3805) B&I-210.
- Financial Institutions Audit (101-3882) B&I-213.

Chair Monroe-Moreno:

Members, is there any discussion?

Senator Neal:

I had questions on page 46, which relates to the 73 acres, and the 270 projected households where there is a \$10 million allocation. I see a representative from the City of North Las Vegas is in the back. Could I have them come up and answer some questions?

Chair Monroe-Moreno:

Will the representative from the City of North Las Vegas please join us at the table?

Senator Neal:

I have a series of questions. On April 21, 2023, we received a memorandum from our Fiscal Analysis Division staff and backup documentation from the Department of Business and Industry that gave us an application that was submitted in September 2022. Do you recall, or have knowledge, that the City submitted an application, a federal application, for a 73-acre project?

Jared Luke, Director, Government Affairs and Economic Development, City of North Las Vegas:

Yes, we submitted an application for the Home Means Nevada Initiative, and I think the amount was \$10 million.

Senator Neal:

Do you also recall that in the application you cited that the City of North Las Vegas had a percentage of historically disenfranchised people? They have the highest amount, and you would be using American Rescue Plan Act of 2021 (ARPA), U.S. Department of Housing and Urban Development (HUD), and General Fund dollars to supplement a Home Means Nevada Initiative investment to close the gap for an estimated \$80 million acquisition cost.

Jared Luke:

Yes, Senator, we had submitted that application, and those were the initial findings that we looked at if the City would pursue this—how the City would be able to purchase the land—if it moved forward.

Senator Neal:

In the application, it was cited that there would be an acquisition of the Texas Station Hotel land and also the Fiesta Station, which accumulated roughly 73 acres. Do you recall that as being true?

Jared Luke:

We had initial exploratory conversations with the Station's owners, once we found out that those properties were going to be put on the market for sale. We looked at this as being a potential site to increase, or I should say replace, revenue that would be lost by those two properties being shut down and sold, and also to increase our stock of affordable housing.

Senator Neal:

Do you also recall in the application, that there was a certification statement of completeness and truthfulness that was added to the back page of the application where the City of North Las Vegas wrote in the words that everything that they attested to in the application was true?

Jared Luke:

Yes.

Senator Neal:

On April 6, 2023, we received a letter the day that we found out in this Committee about the 73 acres, and I am going to read it verbatim. It says, "Dear Chair Monroe-Moreno and members of the Interim Finance Committee; this letter is intended to correct the record from the morning of April 6, 2023, IFC meeting during the Legislative session. Comments were made regarding the recently vacated and for sale Texas Station properties in North Las Vegas on Rancho Boulevard. The City of North Las Vegas is not buying the Texas Station property, nor has Council allocated \$80 million for this site. Sincerely, the City of North Las Vegas Government Affairs Team." Are you aware of this letter?

Jared Luke:

Yes.

Senator Neal:

How do we reconcile the application, which is attested to be true, which then states that \$80 million is, I would say accumulated. Let me read it exactly. It says on question 17 in the application, the City of North Las Vegas seeks to acquire the entire 73 available acres for this project, with the final acquisition dependent upon the amount of support from Home Means Nevada Initiative funds. The City has earmarked ARPA Recovery, HUD, and General Fund dollars to supplement a Home Means Nevada Initiative investment, and close the gap in what is estimated to be an \$80 million acquisition cost.

As I read that statement, and let me read another portion of the application, because I want to be as accurate as possible. It also mentioned in this document, in question 18, that when the land acquired through the Home Means Nevada Initiative is put to use, could you please describe the following to the best of your abilities? It said the City of North Las Vegas will adhere to its affirmative fair housing marketing plan, an intentional plan design with a marketing strategy or approach to attract renters and/or buyers, which would less likely apply to multifamily and single-family developments. Then it continues to say that the City will make a good faith effort to attract to the project, those minority or majority groups who are less likely to apply, or are underrepresented in a neighborhood or community, and those good faith efforts are recorded activities and documented outreach to those individuals identified as least likely to apply. And that the affirmative marketing requirements apply to all housing programs including tenant-based rental assistance and down payment assistance, rental. The application was submitted. Has it been withdrawn?

Jared Luke:

No, it has not. We have a letter of commitment from the Home Means Nevada Initiative from the state.

Senator Neal:

In the attestation that the application is true, then why would a letter be submitted to these Committees saying, "nor has the Council allocated \$80 million for this site," when in the application in question 22(i) it says North Las Vegas seeks to acquire the entire 73 available acres for this project with the final disposition dependent upon the amount of the support from the Home Means Nevada Initiative funds? The City has earmarked ARPA, HUD, and General Fund dollars to supplement a Home Means Nevada Initiative investment and close what is estimated to be an \$80 million acquisition cost. It is cited multiple times in the application. Then there are backup documents. There is a discriminatory policy that is submitted. There is a continuation of letters from the City Manager's office. Help me reconcile the letter sent to this Committee on April 6, 2023.

Jared Luke:

In fall 2022, when those properties became available for sale, we entered into initial and exploratory conversations with the Station's properties. Staff looked at what it would look like if we could increase stock for our affordable housing and if we could replace potential lost revenue from those two properties being sold. In doing so, we started putting together financials; where can we find the dollars to do this, and do we have the capacity to move forward on a project of this magnitude? At the same time, we had a window open for the Home Means Nevada Initiative application, so we obviously applied for those dollars. In our conversations with the Station's folks, it became apparent that the price was going to be way too high for the City to move forward on it, and the closing time they were looking at was a little too quick for the City. The risk was too great for us to move forward on the project, so in the end, toward the end of the year, we pulled back. We then started looking and discussing with the state, what our options were for the Home Means Nevada Initiative dollars. We want to make sure that whoever buys this property, private developer or whomever—if there is a housing component—can we utilize these dollars in some type of a subaward scenario, or something like that, that would ensure the development of affordable housing. To this day, that still remains the goal of the City.

Senator Neal:

I am going to ask this question one more time: have you withdrawn your application for the initial \$10 million that cites purchasing the 73 acres and proposed to build 270 units which is listed on question 22(c) in the application?

Jared Luke:

Let me read this, and hopefully, it will clarify your question. "The state indicated that the City would make changes to its project proposal at the final application phase. For instance, after the City submitted preliminary applications, and shortly before the applications were due, the sale of both the Texas Station and Fiesta Station casino properties was announced.

The City believes that the land represented an unprecedented opportunity to potentially develop an affordable housing master-planned community with a minimum of 270 units for City residents. Because the potential opportunity would have served more residents on potentially better financial terms, the City amended its project proposal, and the City's final application indicated that the City's plan to pursue the potential purchase of the properties for the HMNI [Home Means Nevada Initiative] grant and any other land that could be used for the proposed project. Further, as part of the HMNI grant process, the Division was, to quote, 'provide commitment letters to applicants who successfully received a preliminary award of Home Means Nevada funding. These applicants will then receive funding agreements which include not only the award but also detail the compliance and reporting requirements prescribed by the Treasury final rule'; April 22, 2023, IFC meeting packet."

Thus, the terms of the project were not finalized until the awardee executed the proposed agreement. Further, the process recognizes that as is common with these types of grants, the precise contours of a proposed project can and often do change over time. The April 22, 2023, IFC materials from the Division also indicated that the grant and loan agreements have been provided to most, but not all of the awardees, and that most of the agreements that had been sent out, were "currently under review and consideration by the awardees." Thus, the state anticipated that the awardees would have the opportunity to review and consider the terms and conditions of the state and presumably to make any requested revisions to the proposed project based on any change in circumstances.

As of today's date, the City has not yet received the proposed Home Means Nevada Initiative grant agreement from the state. The City has kept the state apprised of the status of the Station's property but is not aware of any procedure to amend its application at this point in the process. As the Station's property is currently in the process of being purchased by a buyer other than the City, the City will necessarily have to seek to amend the terms of the Home Means Nevada Initiative grant award once it receives the proposed agreement or may have to forego the award if the City cannot locate an alternative site or suitable project plan.

Senator Neal:

Are you aware, or do you have knowledge, that we approved \$21 million—I believe it is \$21 million in land acquisition—and \$10 million of that included the \$10 million that was requested by the City of North Las Vegas? Are you aware that moved out of Committee as an approval, and if so, did you contact the Department of Business and Industry to withdraw your \$10 million request?

Jared Luke:

To my knowledge, we are still working with the state in what are the various options with the company that is currently in escrow on the property.

Senator Neal:

In the application on question 4(h) you cited in your \$80 million accrual of funds, which included I believe, HUD and ARPA, that HUD does regular monitoring and reviews for the City housing programs. Have you engaged HUD or made them aware that the HUD dollars would be used for acquiring 73 acres?

Jared Luke:

That is a fair question. I will get back to you on the answer.

Senator Neal:

To close this out, in the letter that was submitted where it stated, "nor has the Council allocated \$80 million for this site," the interpretation—I am going to do plain language of allocate \$80 million for the site. Why would the statement be sent when your application to the Department of Business and Industry shows there was an accumulation of \$80 million or, or what would be estimated to be \$80 million in acquisition costs, with \$10 million from the state and then HUD, ARPA, and General Fund from the City, because that is not clear. Nor, means the equivalent of has not happened. Can you reconcile the statement submitted to the Committees?

Jared Luke:

As I said earlier, the price was too high, and the timing was too short. The staff backed away from the project as a whole. Staff was never able to make a full recommendation to Council and it was never agendized. They wanted to close quicker than we could have gotten it before Council.

Senator Neal:

It was never agendized. So, it was never approved, but you never pulled the application from the state, and there were no amendments.

Jared Luke:

We pulled away from the purchase of the properties late in the year 2022 and we have been working with the state to ask, what can we do now? Can we subaward, can we do this, can we do that? We have gotten some feedback, but we are waiting to have conversations with the developer once they are solidified in their escrow period.

Senator Neal:

Madam Chair, may I have a representative from the Department of Business and Industry come up? Thank you for your comments, Mr. Luke. I do not know if you have watched the prior Committee hearings, especially the General Government Subcommittees hearing, that I chair, where I asked the specific question of whether or not there have been amendments to this application to the Department of Business and Industry. I also asked if there had been a withdrawal and to their knowledge, they believed you were still moving forward with this project. I would like a Business and Industry representative to come up.

Terry J. Reynolds, Director, Department of Business and Industry:

To my right is Administrator Stephen Aichroth. We are happy to answer any questions you have on this.

Senator Neal:

Do you have any additional information? It was stated just a minute ago, on the record, that you were made aware that the City of North Las Vegas would not be able to go through with the purchase of the land. Are you aware of that?

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry:

At this point, to my knowledge, we are not aware of that.

Senator Neal:

Were you at all aware that, or did you believe that they had acquired roughly \$70 million, and they were going to use the \$10 million to close the gap for the purchase of the 73 acres?

Stephen Aichroth:

The agreement has not been finalized; that would have been part of the proposed agreement to ensure that the other funding was procured to assist in the project.

Senator Neal:

After we approved the land acquisition—which is a memorable hearing—did the City contact you and say we no longer want the \$10 million, or we have other options for the \$10 million, and help us find other arrangements or other properties?

Stephen Aichroth:

Most of those discussions have been with our Council. To my knowledge, there has not been talk of withdrawing, they are still trying to work through that application. I am assuming potentially on alternative sites, but I do not know that for a fact.

Terry J. Reynolds:

Let me address a couple of things. I think I really need to kind of cut to the chase here on this and be frank with you in terms of the process and what we are seeing today. First of all, what we have heard today is a substantial departure from the application that they have, and because of that, we would have to have a dialogue with the City of North Las Vegas to either suspend their application or to enter into a modification of the application. But it appears that this is such a substantial departure that it would make their current application invalid. We would have to determine that, and we would ask that formal question regarding their application in terms of the status of that.

The second thing with the budget closing is the funding is in the aggregate; meaning that it is other than the West Side project, it is not specific at this point to any specific projects. It is an allocation for certain categories. Failure of an entity that put in an application to be able to proceed with that application would render the overall aggregate funds to be redistributed to additional or other projects. That would be our intent if the project would fall by the wayside. We may have, as we have indicated through various IFC meetings, those projects fall to the wayside that are not able to get additional financing, or purchase properties, or to be able to go forward with the project. We would reallocate those funds. That is where we are today, it appears, with this application and with this project, but that is not specific to the allocation of the overall monies for new projects, land acquisition, preservation, or new housing.

That is kind of where we sit on this, and I want to make clear that I appreciate the dialogue, and the question and answer that has happened today has been very enlightening for us. It is giving us the direction of where we need to head on this specific project. But in terms of the aggregate and in terms of the allocation for the closing documents, I think we are still on track for that.

Chair Monroe-Moreno:

I think that during the discussion today, it has become clear there is some work that needs to be done. As you said, there was a substantial departure from the application, so we look forward to an update of where this goes. I would appreciate it if you could keep this body informed as to the outcome of what happens with this application.

Terry J. Reynolds:

Certainly, we will do that.

Senator Neal:

I forgot one thing. This question is actually for North Las Vegas. In the North Las Vegas conversation to acquire land and develop affordable housing, and also with the citation in your application that you have the highest amount of disenfranchised minority residents, has it come up as a priority for the City of North Las Vegas to use any of this Home Means Nevada Initiative money, ARPA money, HUD money, or General Fund money to affect the interests of the Windsor Park residents?

Jared Luke:

Windsor Park is a priority for the City. There have been multiple conversations on how to move forward to resolve that situation, and I appreciate you for leading on that. As far as what dollars have been discussed, and how to effect change in that neighborhood; that is an ongoing conversation. If you remember there is a federal program in place that has been used in the past. There is a lot of conversation moving forward.

Senator Neal:

The application shows that you accumulated, or were willing to acquire and accumulate, ARPA, HUD, and General Fund in order to build, or really acquire land. If the City of North Las Vegas has a plan, which was stated in a prior hearing that there was a plan, and I was not aware of a plan for the families, then why would not land that is a couple of miles away from that neighborhood be considered a priority for the relocation? Knowing that after you became aware of the bill, and after the opposition to the bill, there would then be a consideration of how to maybe flex dollars or expend the money that clearly is within the budget of North Las Vegas to apply that for a remedy for the residents of Windsor Park.

Jared Luke:

Like I said before, it is a circular conversation. As soon as Pamela Goynes-Brown was sworn into office as newly elected mayor, she traveled to Washington, D.C. and met with President Biden and Secretary of the U.S. Department of Housing and Urban Development, Marcia Fudge, on the very topic of how to move forward, and how to satisfy the situation here. I cannot speak to what dollars are being allocated or whether this was all part of that conversation, but I can tell you, that this is a priority for the Council and a priority for the City to figure out the correct avenue.

Senator Neal:

It is interesting because I had a conversation less than 24 hours ago with an actual person who is in Secretary Fudge's HUD office. It was her deputy assistant director who called me on the phone and had no idea about Windsor Park. I provided documentation—the documentary, the hearing, the YouTube video, so they could become aware of Windsor Park in HUD. I was on the phone with them for an hour and they never once mentioned that there had been prior conversations with the City of North Las Vegas or Mayor Goynes-Brown. They had read in the newspaper about it, but they had become aware of it in our conversation, and then became aware of the bill. That is very enlightening. I will double check, but I know she was accurate that I was the first person calling her and talking to her about it.

Jared Luke:

When did you say you talked to them? Was that within the last 24 hours?

Senator Neal:

Yes.

Jared Luke:

I physically was there on Tuesday in Secretary Fudge's office. I have pictures I can show you with the Mayor and with City management discussing Windsor Park. It was in that meeting when she told us now that earmarks are back—is the way she put it—and it is the way most of us think of it now, even though it has a different acronym and a different name; you need to look at earmarks to replenish the existing fund that started in the 1990s. I am willing to submit pictures.

Senator Neal:

I appreciate pictures. I like written minutes. I love those a lot. Thank you for that though, pictures mean a lot, but the written word actually means much more to me.

Senator Dondero Loop:

I have been following this discussion quite a bit. I was born and raised in Las Vegas. I am well aware of that area. In fact, my own parents were very involved with members of that particular community. My father served as the first president of the Economic Opportunity Board and was a principal over there in that area. I am very aware of what my fellow Senator is discussing. One thing that I have heard over and over again is that this is a priority of the City of North Las Vegas. What I am wondering is, if it is a priority, why is it not done? Why is it not even started? Why are the discussions not happening? I feel like nothing has been said until we heard legislation regarding this, and trust me, I have followed it because while I represent another district, I follow what I can in the entire state of Nevada, because what is good for Nevada is good for all of us. If you could answer the question of why, if this is a priority, it has not been discussed, started, done?

Jared Luke:

I cannot speak to the long history of Windsor Park. I can only speak to what has happened since the 2013 elections, and the financial rebuild of the City of North Las Vegas. Obviously, the Mayor and Council administration management was laser focused on keeping the lights on and fixing the City's financial situation. The City got to a point where it could start looking at more specific items than just the City as a whole, and then we went into COVID-19 and obviously COVID-19 distracted many things. Now we are at a point where I am glad this conversation is on the table. I think there is a conversation that Senator Neal needs to have with Mayor Goynes-Brown and hash some things out. I think that there is a conversation of what do we do with the existing federal program? Does it need to be modernized? When I say it is a priority, Mayor Goynes-Brown was elected just a few short months ago, and this is something that she has immediately stepped out on, started to lead on, and started to look at what the options are for folks who are living in Windsor Park.

Senator Dondero Loop:

I think this has been going on since 2000. I do not know how many mayors we have had since then, but at least two. I guess what I would say is what I say with every hard discussion we have; until it is your kid, until it is your family, until it is your mother. . . I think that is how we need to think in this building when we have discussions that are hard; it is all good until it touches you. With that, I would hope that we can move forward on this and do it very expediently.

Chair Monroe-Moreno:

This has been a long conversation today, and it was not part of this budget closing, but we are here. I request that the City of North Las Vegas supply the Committees with how much money was in the fund when it started, what has happened between 2000, to where we are now in 2023; where the money was spent; what improvements were made; and how much

money is left in the fund. While I appreciate the fact that Mayor Goynes-Brown was recently elected, and I am proud of her for that position, she did serve the City of North Las Vegas as a Council member for 12 years. She may be new to the mayor's job, but she is not new to the situation that is going on. I would request that the City of North Las Vegas prepare that document and provide it to this legislative body. I think it should be really easy to get through your records on this situation, especially with the discussion that has been going on throughout this legislative session. I would like to have that presented to us within a week. I know there are two other members who have comments.

Assemblyman Miller:

I would also ask that in that request, the City report what has gone to directly impact the residents of Windsor Park. If that can be added.

Chair Monroe-Moreno:

That can be added.

Senator Seevers Gansert:

I have the privilege to serve on the Senate Committee on Revenue and Economic Development, and we have had a number of bills come through. A couple of them have been about Windsor Park. I can say as an observation I have not seen any prioritization, but what I want to get to is in the application that you made with the Home Means Nevada Initiative fund, it was an \$80 million package for the 73 acres. It was \$10 million from the state and then you have to come up with \$70 million. I am aware of another bill this session looking for the state to put up \$10 million, and the match from North Las Vegas is around \$20 million, I believe. The thought is, if you can put in an application where you think you can get \$70 million matching for the \$10 million from the state, I am really hoping that you can figure out how to put matching money together in case the legislation that has been proposed is passed. Again, I have been observing, and I have seen the videos and the documentary and so forth, and I think there is more that can be done for those people. It has been decades. When you request information, I think Senator Neal can tell you the year that it started, but I think it is been 30 or 40 years.

Chair Monroe-Moreno:

Members, do you have any questions before I ask for a motion to approve the report as presented. [There were none.] I will entertain a motion to approve.

SENATOR DONDERO LOOP MOVED TO APPROVE THE JOINT
SUBCOMMITTEES ON GENERAL GOVERNMENT CLOSING REPORT
FOR THE DEPARTMENT OF BUSINESS AND INDUSTRY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Are there any questions on the motion. [There were none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

Tiffany Greenameyer, Program Analyst:

I am here to present the closing report for the Department of Health and Human Services, Division of Public and Behavioral Health [[Exhibit I](#)].

The Subcommittees on Human Services have completed their review of the Department of Health and Human Services, Division of Public and Behavioral Health, and has made the following recommendations for the Division's 2023-2025 biennium budget. The closing recommendations of the Subcommittees resulted in an increase in General Fund appropriations of \$2.9 million in fiscal year (FY) 2024 and \$1.5 million in FY 2025 when compared to the Governor's recommended budget.

The following comments describe the more significant recommendations of the Subcommittees:

Child Care Service (101-3149) DHHS-DWSS-9: As recommended by the Governor, the Subcommittees recommended the addition of four new facility surveyor positions and one new facility surveyor supervisor position to address increased workload, totaling \$809,275 in federal Child Care and Development Block Grant Funds transferred from the Division of Welfare and Supportive Services.

The Subcommittees also recommended the transfer of the budget from the Division of Public and Behavioral Health to the Division of Welfare and Supportive Services, as recommended by the Governor, contingent upon passage and approval of enabling legislation.

Nevada Central Cancer Registry (101-3153) DHHS-DPBH-28: The Subcommittees recommended approval of reducing Issuance and Renewal Fee revenues by \$51,148 in FY 2024 and \$36,148 in FY 2025 to align revenues with updated agency projections and reducing contractual expenditures by \$182,936 over the 2023-2025 biennium which would not be needed due to the hiring of a permanent state position.

Southern Nevada Adult Mental Health Services (101-3161) DHHS-DPBH-35: As recommended by the Governor, the Subcommittees recommended approval of \$3.3 million in General Fund appropriations over the 2023-2025 biennium to fund the conversion of 12 intermittent positions to state full-time positions, 1 new state licensed psychologist, 1 new contract forensic psychiatrist, and associated costs to support forensic bed capacity at the Stein Forensic Facility.

The Subcommittees recommended approval of the Governor's recommendation of \$7.6 million in General Fund appropriations over the 2023-2025 biennium to fund 37 new positions, including 21 forensic specialists and 16 psychiatric nurses, as well as contract costs to support housing clients for the 30 forensic bed expansion of the Rawson-Neal Psychiatric Hospital D-Pod Unit, which is scheduled to be open July 1, 2023.

The Subcommittees also recommended approval of \$598,208 in General Fund appropriations over the 2023-2025 biennium, as recommended by the Governor, to fund one contract psychiatrist position for the medication clinic.

The Subcommittees recommended approval of revisions to the Governor's recommended budget, due to delays in the renovation of the Las Vegas Detention Center, which allocated American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Funds of \$9.4 million in FY 2024, and \$10 million in FY 2025, and pursuant to the direction provided by the money committees during the April 4, 2023, ARPA, Coronavirus State Fiscal Recovery Funds work session, Fiscal staff added a technical adjustment to include an ARPA Coronavirus State Fiscal Recovery Funds Reserve category to reserve the Forensic Las Vegas Jail Renovation expenditures totaling \$23.3 million projected to be needed in the 2025-2027 biennium. The revision resulted in a savings of \$11.7 million in ARPA Coronavirus State Fiscal Recovery Funds from this project, which could be reallocated by the Legislature for other allowable programs.

Finally, the Subcommittees recommended approval for the revisions of the ARPA Coronavirus State Fiscal Recovery Funds of \$4.8 million in FY 2024 to fund the renovation of the Stein Forensic Facility; and \$10 million in FY 2024 for the Recuperative Care Center project.

Northern Nevada Adult Mental Health Services (101-3162) DHHS-DPBH-47): The Subcommittees recommended approval of the updated March 2023 caseload projections of \$443,524 in General Fund reductions over the 2023-2025 biennium, including eliminating three vacant psychiatric caseworker positions. The Subcommittees also recommended not approving decision unit maintenance (M) 203 resulting from the updated March 2023 caseload projections, thereby retaining one existing psychiatric nurse position.

As recommended by the Governor, the Subcommittees recommended approval to include new language in the Appropriations Act to allow the Division of Public and Behavioral Health to transfer General Fund appropriations between the three behavioral health 24/7 facilities that include Southern Nevada Adult Mental Health Services, Northern Nevada Adult Mental Health Services, and Lakes Crossing Center, upon recommendation by the Governor and with approval by the Interim Finance Committee.

Crisis Response (101-3165) DHHS-DPBH-58: The Subcommittee recommended approval of \$28.4 million in new Telecom Fees over the 2023-2025 biennium and a change in the funding source of one existing clinical program planner position and associated costs, as

recommended by the Governor, and recommended approval of placing the unobligated new Telecom Fee revenues in a reserve, contingent upon passage and approval of Senate Bill 237, or other enabling legislation.

The Subcommittees recommended approval of \$1.5 million in new Telecom Fees over the 2023-2025 biennium to fund ten new full-time positions, including one health program manager, three health program specialists, one public information officer, two management analysts, one quality assurance specialist, one accounting assistant, and one administrative assistant position to manage the operations of the Crisis Response programs, contingent upon passage and approval of Senate Bill 237, or other enabling legislation.

The Subcommittees also recommended approval for revisions to the ARPA Coronavirus State Fiscal Recovery Funds in the base budget of \$2 million in FY 2024 for crisis counselors for the Nevada Resilience project; \$3.3 million in FY 2024 for the 988 Crisis Call Center and Care Traffic Control Hub; \$19.8 million over the 2023-2025 biennium to fund the Crisis Stabilization Centers; and \$3.9 million in FY 2024 for the Crisis Triage, Residential Treatment and Inpatient Care Services.

Behavioral Health Administration (101-3168) DHHS-DPBH-63: As recommended by the Governor, the Subcommittees recommended approval of one new full-time administrative services officer totaling \$317,546 in Behavioral Health cost allocation reimbursement charges and \$516 in Medicaid Administration charges over the 2023-2025 biennium. The new administrative services officer would function as the chief financial officer to provide fiscal oversight for the Behavioral Health budgets.

The Subcommittees also recommended approval of revisions to the ARPA Coronavirus State Fiscal Recovery Funds of \$628,494 in FY 2024, based on the agency's updated projections to support the upgrade for the electronic health record systems to the NX platform project.

Behavioral Health Prevention and Treatment (101-3170) DHHS-DPBH-70: The Subcommittees recommended approval of the revisions to the ARPA Coronavirus State Fiscal Recovery Funds of \$74,972 in FY 2024 to continue grants to Moxy Up for staffing to assist middle and high school youth; \$1.8 million in FY 2024 to continue the Assertive Community Treatment and Forensic Assertive Community Treatment programs; and \$964,276 in FY 2024 for the newborn screening panel to include a voluntary opioid exposure test.

Health Statistics and Planning (101-3190) DHHS-DPBH-81: The Subcommittees recommended approval of reserve reductions of \$339,135 over the 2023-2025 biennium to fund the conversion of four contract positions to full-time positions, including one accounting assistant, one administrative assistant, and two management analysts, and one new management analyst to provide administrative support, oversight and training of administrative staff, and support for digitizing paper death and birth records.

Environmental Health Services (101-3194) DHHS-DPBH-89: Due to budget solvency concerns, the Subcommittees recommended approval of the elimination of one vacant environmental health specialist and one vacant administrative assistant in the base budget, with an offsetting increase to reserves of \$109,005 in FY 2024 and \$223,297 in FY 2025, as recommended by the Governor.

The Subcommittees also recommended approval of the Governor's recommendation to eliminate two vacant environmental health specialists with an offsetting increase to reserves of \$357,948 and reduction of federal revenue of \$21,337 over the 2023-2025 biennium, resulting from decreased workload related to the formation of the new Central Nevada Health District.

Health Care Facilities Regulations (101-3216) DHHS-DPBH-116: The Subcommittees recommended approval of ARPA Coronavirus State Fiscal Recovery Funds totaling \$4.5 million in FY 2024, and \$3.4 million in FY 2025, based on updated agency projections, to continue support of the Nurse Apprenticeship program. The revision resulted in a savings of \$9.4 million in ARPA Coronavirus State Fiscal Recovery Funds from this project, which could be reallocated by the Legislature for other allowable programs.

Health Investigations and EPI (101-3219) DHHS-DPBH-137: The Subcommittees recommended approval of ARPA Coronavirus State Fiscal Recovery Funds totaling \$2.2 million in FY 2024 and \$1.9 million in FY 2025, as adjusted, to continue support for the Genomic Infectious Disease tracking and the Public Health Infrastructure Workforce Pipeline projects.

Pursuant to the direction provided by the money committees during the April 4, 2023, ARPA Coronavirus State Fiscal Recovery Funds work session, Fiscal staff added a technical adjustment to include an ARPA Coronavirus State Fiscal Recovery Funds Reserve category to reserve Public Health Infrastructure Workforce Pipeline expenditures totaling \$2.4 million projected to be needed in the FY 2025-2027 biennium.

Chronic Disease (101-3220) DHHS-DPBH-146: The Subcommittees recommended approval of \$3.4 million in Healthy Nevada Fund revenue transferred from the State Treasurer and the Grants Management Unit budget and associated expenditures in each year of the 2023-2025 biennium, inclusive of Budget Amendment A231413220 and adjustments to align with the Healthy Nevada Fund spending plan.

Office of Health Administration (101-3223) DHHS-DPBH-167: The Subcommittees recommended approval of reserve reductions of \$197,589 and cost allocation charges of \$600,473 over the 2023-2025 biennium to support four new full-time positions and associated costs, including three information technology professional positions and one personnel analyst position.

The Subcommittees recommended approval of \$17.1 million in ARPA Coronavirus State Fiscal Recovery Funds in the base budget, as adjusted, over the 2023-2025 biennium to be transferred to the new Public Health Improvements budget to subaward to local public health departments.

Community Health Services (101-3224) DHHS-DPBH-178: The Subcommittees recommended approval to decrease County Assessment/Participation Fee revenue by \$585,452, increase federal revenue by \$265,044, increase General Fund appropriations by \$195,269, and decrease expenditures by \$125,139 over the 2023-2025 biennium to align revenues and expenditures as a result of overbudgeted County Assessment/Participation Fee revenue.

The Subcommittees also recommended approval of the Governor's recommendation totaling \$3.3 million in ARPA Coronavirus State Fiscal Recovery Funds over the 2023-2025 biennium to support reproductive health programs.

Pursuant to the direction provided by the money committees during the April 4, 2023, ARPA Coronavirus State Fiscal Recovery Funds work session, Fiscal staff added a technical adjustment to include an ARPA Coronavirus State Fiscal Recovery Funds Reserve category to reserve reproductive health program expenditures totaling \$2.8 million projected to be needed in the FY 2025-2027 biennium.

Public Health Improvements (101-3234) DHHS-DPBH-186: The Subcommittees recommended approval of a new Public Health Improvement budget to account for revenues and expenditures related to Public Health System programs and recommended approval of ARPA Coronavirus State Fiscal Recovery Funds of \$14 million in FY 2024 and \$3.1 million in FY 2025, as adjusted, transferred from the Office of Health Administration budget.

Lakes Crossing Center (101-3645) DHHS-DPBH-195: The Subcommittees recommended approval of the revision to ARPA Coronavirus State Fiscal Recovery Funds of \$783,475 in FY 2024 and \$592,616 in FY 2025 based on updated projections from the agency to fund the Replacement Security Camera System and Door Access Control System projects.

The Subcommittees recommended closing the following Division of Public and Behavioral Health budgets as recommended in The Executive Budget:

- Radiation Control (101-3101) DHHS-DPBH-17.
- Low-Level Radioactive Waste Fund (251-3152) DHHS-DPBH-25.
- Problem Gambling (101-3200) DHHS-DPBH-95.
- Immunization Program (101-3213) DHHS-DPBH-99.
- WIC Food Supplement (101-3214) DHHS-DPBH-104.
- Communicable Diseases (101-3215) DHHS-DPBH-110.
- Health Care Facilities Admin Penalty (101-3217) DHHS-DPBH-125.
- Public Health Preparedness Program (101-3218) DHHS-DPBH-127.

- Maternal Child and Adolescent Health Svcs (101-3222) DHHS-DPBH-156.
- Emergency Medical Services (101-3235) DHHS-DPBH-187.
- Alcohol Tax Program (101-3255) DHHS-DPBH-193.
- Rural Clinics (101-3648) DHHS-DPBH-202.
- Marijuana Health Registry (101-4547) DHHS-DPBH-210.

The Subcommittees also recommended approving technical adjustments noted by staff and authorized Fiscal staff to make other technical adjustments to the Division of Public and Behavioral Health budgets as needed, including any adjustments that would result based on pending legislation, as necessary.

Chair Monroe-Moreno:

I will accept a motion.

SENATOR DONDERO LOOP MOVED TO APPROVE THE JOINT SUBCOMMITTEES ON HUMAN SERVICES CLOSING REPORT FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF PUBLIC AND BEHAVIORAL HEALTH.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Are there any questions on the motion? [There were none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE VOTE.)

BUDGETS CLOSED.

* * * * *

Lilliana Camacho-Polkow, Program Analyst:

I am here to present the Subcommittees on Public Safety, Natural Resources, and Transportation Closing Report for the Department of Motor Vehicles [[Exhibit J](#)].

The Subcommittees on Public Safety, Natural Resources, and Transportation have completed their review of the budgets for the Department of Motor Vehicles (DMV). The closing actions recommended by the members of the Subcommittees resulted in an increase of State Highway Fund appropriations of \$8.3 million in fiscal year (FY) 2024 and \$7.1 million in FY 2025. The closing actions recommended by the members of the Subcommittees resulted in no changes in General Fund appropriations in either year of the 2023-2025 biennium.

Administrative Cap: Historically, *Nevada Revised Statutes* 408.235 limited the DMV from expending more than 22 percent of Highway Fund collections on administration, excluding gasoline tax revenue that is not subject to this limitation. Prior Legislatures increased this administrative cap to 27 percent due to the increased expenditures associated with the implementation of the Department Transformation Effort project that would replace the DMV's current mainframe computer system. The increased administrative cap is currently scheduled to sunset at the end of FY 2026, which is June 30, 2026. To calculate the administrative cap, Fiscal staff determined the Highway Fund appropriations based on the Subcommittees' recommendations and the one-time Highway Fund appropriations recommended by the Governor. Additionally, the Governor recommends an 8 percent to 10 percent, depending on the position, cost-of-living adjustment (COLA) in FY 2024, and a 4 percent COLA in FY 2025 for most state employees and a one-grade increase for certain DMV law enforcement positions. Fiscal staff estimates that additional Highway Fund appropriations totaling \$6.6 million in FY 2024 and \$10.5 million in FY 2025 would be required to fund these COLAs and grade increases. Based on the Subcommittees' recommendations to close the Department's budgets and including the \$6.6 million and \$10.5 million in Highway Fund appropriations for salary increases in the calculation of the DMV administrative cap, the Department would be over the historic 22 percent cap by \$268,893 in FY 2024 but would be under the historic 22 percent cap by \$5.3 million in FY 2025. However, the DMV would be under the current administrative cap of 27 percent by \$21.1 million in FY 2024 and \$27.3 million in FY 2025.

Department Transformation Effort (201-4716) DMV-15: The Subcommittees recommended approval of the Governor's recommendation, as amended by Budget Amendment A230604716 and with various technical adjustments, to continue the Department Transformation Effort project for an estimated cost of \$73.1 million over the 2023-2025 biennium. The Subcommittees recommended the project be funded with Highway Fund appropriations and recommended language be included in the 2023 Appropriations Act authorizing the transfer of Highway Fund appropriations between fiscal years in this budget, with Interim Finance Committee approval.

The Subcommittees also recommended approval of the continuation of 29 state positions and 32 master service agreement contractors in FY 2024 and 28 master service agreement contractors in FY 2025. The Subcommittees recommended approval of various contract, software, and mainframe expenditures totaling \$28.1 million in FY 2024 and \$25.7 million in FY 2025; however, the Subcommittees recommended the FY 2025 funding of \$25.4 million for contract expenditures be placed in reserves which would require the Department to request Interim Finance Committee approval before expending that funding.

Finally, the Subcommittees recommended the issuance of a letter of intent requiring semiannual reports to the Interim Finance Committee on the status of the Department Transformation Effort project.

Automation (201-4715) DMV-27: The Subcommittees recommended approval of the Governor's recommendation for Highway Fund appropriations of \$1.7 million over the 2023-2025 biennium to continue funding for four information technology (IT) contract positions and associated operating expenditures to assist with support of the DMV legacy IT system. The Department indicated once the new system is implemented, it would no longer require staff with skills in the outdated programming languages used by its legacy IT system. As such, the Subcommittees also recommended the DMV be directed to remove these contractor expenditures from the adjusted base budget for the 2025-2027 biennium.

Administrative Services Division (201-4745) DMV-35: The Subcommittees recommended approval of the Department's revised FY 2024 credit card fee projections of \$11.2 million in both FY 2024 and FY 2025 and providing the Department with authority in the 2023 Appropriations Act to transfer Highway Fund appropriations up to \$2 million between each fiscal year in the 2023-25 biennium to fund credit card fees, with Interim Finance Committee approval. When compared to the amounts in The Executive Budget, this recommendation resulted in a decrease in Highway Fund appropriations of \$1.6 million over the 2023-2025 biennium.

Compliance Enforcement (201-4740) DMV-40: The Subcommittees recommended approval of the Governor's recommendation for Highway Fund appropriations of \$260,803 over the 2023-2025 biennium for two new motor vehicle appraiser positions and associated expenditures, to assist customers with the sale of vehicles with liens; inspect, assign, and restore vehicle identification numbers; assist with the registration and licensing of vehicles; and conduct motor vehicle appraisals. The addition of the two new motor vehicle appraiser positions would allow the two existing DMV services manager positions, which currently handle these duties, additional time to focus on their supervisory duties.

License Plate Factory (201-4712) DMV-55: The Subcommittees recommended approval of the Governor's recommendation, as amended and with various technical adjustments, for expenditures of \$9 million, excluding reserves, over the 2023-2025 biennium for the production of license plates. Due to the supply chain issues for materials, the Subcommittees recommended approval of an increase in the cost for materials for manufacturing license plates of 4 percent as well as Budget Amendment A231334712, with technical adjustments. This budget amendment reflects the elimination of the eight-year license plate reissuance requirement as proposed in Assembly Bill 457, and reduced License Plate Fee revenue by \$381,874, reduced Special Plate Cost allocation revenue by \$56,599, and reduced reserves by \$203,140 over the 2023-2025 biennium.

Verification of Insurance (201-4731) DMV-60: The Subcommittees recommended approval of the Vehicle Reinstatement Registration Fee revenue of \$717,600 in each year of the 2023-2025 biennium for the new cloud-based motor vehicle insurance verification system. The DMV currently performs vehicle insurance verification with a Department-developed solution called the Nevada Liability Insurance Validated

Electronically (NV LIVE) system through its current legacy system. The new cloud-based system would replace NV LIVE and integrate with the new platform that would be deployed through the Department Transformation Effort project.

Records Search (201-4711) DMV-65: The Subcommittees recommended approval of the Governor's recommendation for Records Search Charge revenue of \$149,000 over the 2023-2025 biennium to fund a new address verification service. The new address verification service would integrate with the new platform that would be deployed through the Department Transformation Effort.

The Subcommittees recommended closing the following DMV budgets as recommended in The Executive Budget, with minor or technical adjustments:

- Director's Office (201-4744) DMV-19.
- Hearings (201-4732) DMV-24.
- Motor Vehicle Pollution Control (101-4722) DMV-45.
- Central Services (201-4741) DMV-51.
- Field Services (201-4735) DMV-70.
- Motor Carrier Division (201-4717) DMV-74.
- Research and Project Management (201-4742) DMV-78.

The Subcommittees also recommended approving technical adjustments noted by staff and authorized Fiscal staff to make other technical adjustments to the DMV budgets as needed.

Chair Monroe-Moreno:

Are there any questions from the Committees?

Senator Titus:

First a comment and then a question. Thank you for removing the mandate of the eight-year reissuance of these plates—I never supported that concept to begin with. So much of our Highway Funds are dependent on matching federal funds and I am just wondering—since I was not in the Subcommittees—with all these decision units using this money in this manner, are we losing any federal funds to actually build roads?

Lilliana Camacho-Polkow:

I would have to take a look at that, so I do not give you incorrect information.

Senator Titus:

I understand that nobody is here today.

Chair Monroe-Moreno:

The DMV is here today. We can invite them to the table to answer the question.

Senator Titus:

I do not know if it is DMV or Department of Transportation (NDOT) that would be able to tell me more.

Chair Monroe-Moreno:

The NDOT is not in the room, but our Subcommittee chair may have a response.

Assemblyman Watts:

We have not closed the Department of Transportation's budget yet, but at this point there has been no proposed reduction in any of NDOT budget proposals based on the decision units in the DMV's budget. So, even though there is an increase in Highway Fund, there are actually many different budgetary aspects that utilize Highway Fund. We were just going through the Department of Public Safety, and the Nevada Highway Patrol utilizes Highway Fund dollars. We had some modifications within some of those budget decisions that are having some upward and downward impacts on Highway Fund. But so far, with all of these decisions and amendments that have been brought forward, there has not been a reduction in Highway Fund dollars allocated to NDOT projects.

Senator Titus:

Thank you for the clarification.

Chair Monroe-Moreno:

Are there any other questions or comments? [There were none.] I will accept a motion.

SENATOR DONDERO LOOP MOVED TO APPROVE THE JOINT
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES,
AND TRANSPORTATION CLOSING REPORT FOR THE DEPARTMENT
OF MOTOR VEHICLES.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Assembly Committee on Ways and Means
Senate Committee on Finance
April 29, 2023
Page 66

Is there any discussion on the motion? [There was none.]

THE MOTION CARRIED. (SENATOR CANNIZZARO AND
ASSEMBLYWOMEN BACKUS AND PETERS WERE ABSENT FOR THE
VOTE.)

Is there any public comment? [Public comment was heard.]

The meeting is adjourned [at 12:16 p.m.].

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

Approved by:

Assemblywoman Daniele Monroe-Moreno, Chair

DATE: _____

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a closing document titled "Joint Subcommittee on Public Safety, Natural Resources, and Transportation Closing Report, Office of the Military," prepared by Fiscal Analysis Division staff, and presented by Nancy Morris, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit D](#) is a closing document titled "Closing List #8," dated April 29, 2023, prepared by Fiscal Analysis Division staff, and presented by Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst; Cathy Crocket, Senate Chief Principal Deputy Fiscal Analyst; Morgan Barlow, Program Analyst; and Nicolette Johnston, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit E](#) is a document titled "Summary of Approved American Rescue Plan Act, Coronavirus State Fiscal Recovery Fund Obligations, FY 2022 Actual Expenditures, and Recommended/Planned Annual Allocations for FY 2023 through 2025-27 Biennium," prepared by Fiscal Analysis Division staff, and presented by Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit F](#) is a document titled "State of Nevada-Legislative Branch Budget Closing Memorandum, 2023-2025 Biennium, Budget Account 327-2631-Legislative Counsel Bureau, Budget Account 327-2626-Interim Legislature, Budget Account 741-1330-State Printing Office," prepared by Legislative Counsel Bureau staff, and presented by Brenda J. Erdoes, Director, Legislative Counsel Bureau, and Dan Rushin, Chief Financial Officer, Legislative Counsel Bureau.

[Exhibit G](#) is a map of McCarran Center, Las Vegas, Nevada, prepared by Diamondback Land Surveying, and presented by Assemblywoman Daniele Monroe-Moreno.

[Exhibit H](#) is a closing document titled "Joint Subcommittee on General Government Closing Report, Department of Business and Industry," prepared by Legislative Counsel Bureau staff, and presented by Morgan Barlow, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit I](#) is a closing document titled "Joint Subcommittee on Human Services Closing Report, Department of Health and Human Services, Division of Public and Behavioral Health," prepared by Fiscal Analysis Division staff and presented by Tiffany Greenameyer, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

Assembly Committee on Ways and Means
Senate Committee on Finance
April 29, 2023
Page 68

[Exhibit J](#) is a closing document titled "Joint Subcommittee on Public Safety, Natural Resources, and Transportation Closing Report, Department of Motor Vehicles," prepared by Fiscal Analysis Division staff, and presented by Lilliana Camacho-Polkow, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.