

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

**Eighty-second Session
April 4, 2023**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Marilyn Dondero Loop at 8:17 a.m. on Tuesday, April 4, 2023, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

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

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Shea Backus, Vice 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 C.H. Miller
Assemblyman P.K. O'Neill
Assemblywoman Sarah Peters

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Assemblyman Howard Watts
Assemblyman Steve Yeager

COMMITTEE MEMBERS ABSENT:

Assemblywoman Daniele Monroe-Moreno, Chair (Excused)

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Sarah Coffman, Assembly Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Brody Leiser, Chief Principal Deputy Fiscal Analyst
Stephanie Day, Principal Program Analyst
Marie Bell, Committee Secretary
Helen Wood, Committee Secretary

OTHERS PRESENT:

Kyle Dalpe, President, Western Nevada College

CHAIR DONDERO LOOP:

We will begin with the budget closing for the Lieutenant Governor's Office.

BRODY LEISER (Chief Principal Deputy Fiscal Analyst):

The Office of Small Business Advocacy (OSBA) budget account (B/A) 101-1021 begins on page 3 of the April 4, 2021, Closing List #1 ([Exhibit C](#)).

ELECTED OFFICIALS

Office of Small Business Advocacy — Budget Page ELECTED-98 (Volume I)
Budget Account 101-1021

The OSBA receives, reviews and attempts to resolve complaints from small businesses; compiles and analyzes data on such complaints; and assists small businesses to understand their rights and responsibilities. It also provides certain information about small businesses to the public, governmental agencies and the Legislature. Staff analyze, monitor and make recommendations

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concerning laws, regulations and policies relating to small businesses and disseminate certain information to small businesses concerning the availability of the OSBA to assist them when concerns arise.

The Major Closing Issue for B/A 101-1021 is the elimination of funding for the OSBA. The Executive Budget recommends the elimination of all funding and expenditures within this budget including the elimination of two filled positions.

Assembly Bill 184 of the 81st Session, which expires on June 30, 2023, temporarily established the OSBA within the Office of the Lieutenant Governor. The Executive Budget is in alignment with the provisions of the statute and the expiration date.

As explained on page 4 of [Exhibit C](#), the OSBA is funded in the current biennium through federal Coronavirus Aid, Relief and Economic Security Act, Coronavirus Relief Funds, the American Rescue Plan Act of 2021 (ARPA) and Coronavirus State Fiscal Recovery Funds. Pursuant to *Nevada Revised Statutes* (NRS) 224.230, OSBA was required to report on its activities, which included resource fairs held, listening sessions with small business owners and business organizations, implementation of a customer relationship management system and development of virtual training programs.

During the budget hearing, the Office of the Lieutenant Governor expressed support in continuing the operation of the OSBA even though it was statutorily set to expire due to lack of funding in the Executive Budget. Senate Bill (S.B.) 24, which was heard in the Senate Committee on Government Affairs on February 15, 2023, would eliminate the expiration date of the OSBA and eliminate the current statutory restriction that prevents the use of General Fund appropriations for support of the OSBA.

SENATE BILL 24: Revises provisions relating to the Office of Small Business Advocacy within the Office of the Lieutenant Governor. (BDR 18-404)

The Office of the Lieutenant Governor and the OSBA indicated if the OSBA becomes permanent, future plans would be to host legal clinics for entrepreneurs in coordination with local law firms, develop websites and

continue its listening and roundtable sessions with small businesses and partners.

If the OSBA were to continue, total funding of \$604,345 over the 2023-2025 biennium would be needed. On page 5 of [Exhibit C](#) there is a table that demonstrates what that funding would be used for. Funding would support the cost for three positions: a deputy director, a director and an administrative secretary. In its follow-up response to the Committees after the February 8, 2023, budget hearing, OSBA emphasized its unique role serving as a resource and advocate within the government to provide one-on-one assistance in response to complaints, questions and requests for assistance from small business owners.

The OSBA provides a direct line of contact and personalized support for Nevada's entrepreneurs to resolve issues relating to licensing, regulation and inspection. If continued, the OSBA indicated it would continue to focus on underserved communities in Nevada's rural areas. Its aim is to assist at least 1,500 business owners in the first fiscal year of the upcoming biennium, and it would continue to work with local governments and agencies that oversee licensing and regulation. It would continue work on improving the small business climate in the State and continue to work with stakeholders to help build capacity in serving Nevada's entrepreneurs.

Do the Committees wish to eliminate funding and related expenditures for the OSBA for the 2023-2025 biennium as recommended by the Governor, or do the Committees wish to continue funding for ongoing support of the OSBA in the 2023-2025 biennium with additional General Fund appropriations totaling \$604,345 over the 2023-2025 biennium contingent upon passage and approval of [S.B. 24](#) or other enabling legislation?

ASSEMBLYMAN YEAGER:

My preference is to move the sunset another two years. I am not ready to pull the plug. I want to give the OSBA a chance to see what it can do in the next couple of years. When the OSBA was created, we were in the midst of COVID-19. I do not know if the OSBA has had a chance to establish itself. This obviously depends on [S.B. 24](#) being enacted.

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ASSEMBLYMAN YEAGER MOVED TO CONTINUE FUNDING FOR THE ONGOING SUPPORT OF THE OFFICE OF SMALL BUSINESS ADVOCACY B/A 101-1021 IN THE NEXT BIENNIUM AND AUTHORIZE GENERAL FUND APPROPRIATIONS OF \$604,345, CONTINGENT UPON THE PASSAGE AND APPROVAL OF S.B. 24 OR OTHER ENABLING LEGISLATION.

SENATOR CANNIZZARO SECONDED THE MOTION.

SENATOR NEAL:

There is still approximately \$1 million in ARPA funds. Can we allow ARPA monies to be used and General Fund appropriations to pick up the remaining funding?

MR. LEISER:

Yes, Coronavirus State Fiscal Recovery Funds could be used. There are approximately \$1 million in unobligated funds. There will be additional savings realized with those funds and a decision point for the Money Committee is to determine how it wishes to prioritize the use of those funds.

SENATOR SEEVERS GANSERT:

We know we can use Coronavirus State Fiscal Recovery Funds. We know we have allocated the dollars, and we also know not all of those dollars have been spent. I support Senator Neal's suggestions.

ASSEMBLYMAN YEAGER:

I formally rescind the motion I made to keep the OSBA and use General Fund appropriations to fund it.

SENATOR CANNIZZARO:

I formally rescind the motion to second it.

ASSEMBLYMAN YEAGER MOVED TO CONTINUE FUNDING FOR THE ONGOING SUPPORT OF THE OFFICE OF SMALL BUSINESS ADVOCACY B/A 101-1021 FOR THE 2023-2025 BIENNIUM USING CORONAVIRUS STATE FISCAL RECOVERY FUNDS TO THE EXTENT AVAILABLE; IF THE FUNDS ARE INSUFFICIENT TO COVER THE ENTIRE COST, TO SUPPLEMENT WITH GENERAL FUND APPROPRIATIONS FOR A TOTAL

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OF \$604,345 OVER THE BIENNIUM CONTINGENT UPON THE PASSAGE
AND APPROVAL OF S.B. 24 OR OTHER ENABLING LEGISLATION.

SENATOR CANNIZZARO SECONDED THE MOTION.

SENATOR TITUS:

I was vehemently opposed to the creation of the OSBA. I felt it was wrong that the State needed to have somebody guide people through the burdensome regulations we have. I have been assured by our Lieutenant Governor that one of the things they will do is look at some of these regulations they can eliminate since their office has had so many Nevada businesses and citizens reach out to them trying to get some of these regulations understood. I will be supporting this.

MR. LEISER:

I believe the intent of the motion is clear. I want to make it crystal clear that by ARPA funds, we are talking about Coronavirus State Fiscal Recovery Funds.

ASSEMBLYMAN YEAGER:

I concur.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MR. LEISER:

Beginning on page 7 of [Exhibit C](#) is the Lieutenant Governor B/A 101-1020. The Major Closing Issue is the recommendation for a new unclassified executive assistant position.

Lieutenant Governor — Budget Page ELECTED-101 (Volume I)
Budget Account 101-1020

The Governor recommends in decision unit E-229 of B/A 101-1020 General Fund appropriations of \$174,669 over the 2023-2025 biennium to fund one new unclassified executive assistant. The Lieutenant Governor's Office indicates the position is needed due to an increase in administrative workload related to additional responsibilities including work associated with the Advisory Board on Outdoor Recreation, the Keep Nevada Working Task Force and the OSBA.

E-229 Efficiency and Innovation — Page ELECTED-104

The administrative workload is being spread across existing staff, particularly the administrative secretary. The new position would take some of the administrative burden off other staff such as the Lieutenant Governor, the chief of staff, the legislative and policy director and the communications director positions. The new position would also allow the Lieutenant Governor's Office to have administrative support in both its southern and northern Nevada offices.

The new position has a start date of October 1, 2023. During the budget hearing, the Lieutenant Governor's Office requested that the start date be changed from October 1 to July 1, 2023. If the start date were accelerated to July 1, that would increase costs for the decision unit by approximately \$22,000 in fiscal year (FY) 2023-2024.

This would be to allow the incumbent administrative secretary to move into the new executive assistant position. If that were done, then the administrative secretary position would be located in Carson City. The incumbent works out of the Las Vegas office and that individual would stay in the Las Vegas office. This would allow for administrative support in both the northern and southern offices.

Do the Committees wish to approve the addition of a new unclassified executive assistant position funded with General Fund appropriations of \$174,669 over the 2023-2025 biennium. If approved, do the Committees wish to accelerate the position start date to July 1, 2023, as requested by the Office of the Lieutenant Governor, thereby increasing General fund appropriations by \$22,056 in FY 2023-2024.

ASSEMBLYWOMAN BACKUS MOVED TO APPROVE IN THE LIEUTENANT GOVERNOR'S OFFICE B/A 101-1020 THE ADDITION OF A NEW UNCLASSIFIED EXECUTIVE ASSISTANT POSITION FUNDED WITH GENERAL FUND APPROPRIATIONS OF \$174,669 OVER THE 2023-2025 BIENNIUM.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYWOMAN BACKUS MOVED TO ACCELERATE THE NEW UNCLASSIFIED EXECUTIVE ASSISTANT POSITION START DATE TO JULY 1, 2023, AS REQUESTED BY THE LIEUTENANT GOVERNOR'S OFFICE IN B/A 101-2020, THEREBY INCREASING GENERAL FUND APPROPRIATIONS BY \$22,056 IN FY 2023-2024.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. LEISER:

In B/A 101-1020, Other Closing Item 5 is a technical adjustment under decision unit E-225. Fiscal staff recommend technical adjustments to reduce the recommendation by \$26,324 over the 2023-2025 biennium for costs already accounted for in the base budget.

E-225 Efficiency and Innovation — Page ELECTED - 103

Other Closing Item 6 in B/A 101-1020, decision unit E-670, is a technical adjustment that removes the salary adjustment included in the

Executive Budget. The impact from that adjustment is \$0 because there was an offsetting adjustment in the base budget due to that correction.

E-670 Salary Adjustment for 2023-2025 Biennium — Page ELECTED-105

Fiscal staff recommends Other Closing Items 1 through 4 be closed as recommended by the Governor; Other Closing Item 5 be closed with the noted technical adjustment to account for costs already included in the base budget; Other Closing Item 6 be closed with the technical adjustment to remove the salary adjustment for the Lieutenant Governor, and requests authority for Fiscal staff to make other technical adjustments as necessary.

SENATOR CANNIZZARO MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 4 AS RECOMMENDED BY THE GOVERNOR; OTHER CLOSING ITEM 5 WITH THE NOTED TECHNICAL ADJUSTMENT TO ACCOUNT FOR COSTS ALREADY INCLUDED IN THE BASE BUDGET; OTHER CLOSING ITEM 6 WITH THE TECHNICAL ADJUSTMENT TO REMOVE THE SALARY ADJUSTMENT FOR THE LIEUTENANT GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

SENATOR CANNIZZARO:

To clarify my motion, any other technical adjustments that may be needed as well as the ones just indicated by Mr. Leiser.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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STEPHANIE DAY (Principal Program Analyst):
Beginning on page 11 of [Exhibit C](#) is the State Controller's Office B/A 101-1130. This budget was heard by the Committees on February 10, 2023.

Controller - Controller's Office — Budget Page ELECTED-242 (Volume I)
Budget Account 101-1130

The Major Closing Issue in B/A 101-1130 is the request for a new accountant technician II position. The Governor recommends General Fund appropriations of \$155,383 and a transfer from the Debt Recovery Account revenue of \$404 over the 2023-2025 biennium to fund a new accountant technician II position, grade 32, and associated cost for the Debt Collection Section. A companion decision unit is included in the next budget that will be presented.

The Agency indicates the position is needed to more timely process and return funds collected on behalf of State agencies. The Debt Collection Section currently has one accountant technician II position distributing debt recovery funds to agencies, boards and commissions. Due to the high volume of transactions for the past four fiscal years, all funds have not been distributed to agencies by the end of each fiscal year.

The Debt Collection Section is in Carson City and has four staff members. According to the Agency, the addition of this position would allow the Debt Collection Section to enhance its collection efforts, resulting in an anticipated increase in average debt collections by a minimum of 25 percent.

The Debt Collection Section recovered over \$1.6 million in FY 2021-2022 and estimates debt collection would increase to \$2 million annually with the addition of the position.

Do the Committees wish to approve General Fund appropriations of \$155,383 and the transfer from the Debt Recovery Account revenue of \$404 over the 2023-2025 biennium to fund a new accountant technician II position for the debt collection section?

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SENATOR CANNIZZARO MOVED TO APPROVE IN THE CONTROLLER'S OFFICE B/A 101-1130 GENERAL FUND APPROPRIATIONS OF \$155,383 AND THE TRANSFER FROM DEBT RECOVERY ACCOUNT REVENUE OF \$404 OVER THE 2023-2025 BIENNIUM TO FUND A NEW ACCOUNTANT TECHNICIAN II POSITION WITH THE DEBT COLLECTION SECTION.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. DAY:

As shown on page 12 of [Exhibit C](#), B/A 101-1130 also includes Coronavirus State Fiscal Recovery Funds. The Governor recommends FY 2023-2024 funds of \$803,766 and funding in FY 2024-2025 of \$813,814 to continue funding four State and four contracted positions. Additionally, Coronavirus State Fiscal Recovery Funds of \$695,764 in FY 2025-2026 and \$350,889 in FY 2026-2027 are projected by the Agency to continue funding for the positions.

There is a Work Session today to discuss considerations for the budgeting of Coronavirus State Fiscal Recovery Funds including whether the Senate Committee on Finance and the Assembly Committee on Ways and Means, commonly referred to as the Money Committees, wish to account for 2025-2027 biennium expenditures within the Legislatively-approved budget.

Do the Committees wish to approve Coronavirus State Fiscal Recovery Funds of \$803,766 in FY 2023-2024 and \$813,814 in FY 2024-2025 to support four State positions and four contract positions as recommended by the Governor?

Fiscal staff requests authority to make technical adjustments as necessary including any adjustments to the budgeting of Coronavirus State Fiscal Recovery

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Funds that would result from direction provided by the Committees during the Work Session and/or closing of the COVID-19 Relief Programs B/A 101-1327.

COVID-19 Relief Programs — Budget Page ELECTED-19 (Volume I)
Budget Account 101-1327

ASSEMBLYWOMAN BACKUS MOVED TO APPROVE IN THE CONTROLLER'S OFFICE B/A 101-1130 THE CORONAVIRUS STATE FISCAL RECOVERY FUNDS OF \$803,766 IN FY 2023-2024 AND \$813,814 IN FY 2024-2025 TO SUPPORT FOUR STATE POSITIONS AND FOUR CONTRACT POSITIONS AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR SEEVERS GANSERT SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. DAY:

The Controller's Office Debt Recovery account B/A 101-1140 begins on page 15 of [Exhibit C](#). Fiscal staff is responsible for developing closing recommendations for this budget. The Committees have not previously reviewed this budget. Money within the Debt Recovery Account may only be used to support the debt collection efforts of the State Controller. There are no major closing issues in this budget nor Coronavirus State Fiscal Recovery Funds.

Controllers Office - Debt Recovery Account — Budget Page ELECTED-246
(Volume I)
Budget Account 101-1140

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There is one Other Closing Item that is a companion decision unit to the decision you made in the previous budget. Fiscal staff recommends this budget be closed as recommended by the Governor and consistent with the Committees' closing actions on the Controller's Office B/A 101-1130 and requests authority for Fiscal staff to make technical adjustments as necessary.

ASSEMBLYWOMAN BACKUS MOVED TO APPROVE B/A 101-1140 AS RECOMMENDED BY THE GOVERNOR, CONSISTENT WITH THE COMMITTEES' CLOSING ACTIONS ON THE CONTROLLER'S OFFICE B/A 101-1130 WITH AUTHORITY FOR FISCAL STAFF TO MAKE ANY TECHNICAL ADJUSTMENTS NECESSARY.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MR. LEISER:

There has been substantial discussion around ARPA funding this Session and specifically around the Coronavirus State Fiscal Recovery Funds, given the magnitude of the dollars, the number of programs approved to date and the number of budgets for which funding has been allocated.

We are here to present a global picture of the allocations, spending to date, projected and budgeted expenditures, an update on unobligated amounts and identified savings to date. There will be discussion on options for the Committees to consider as we transition into the budget closing phase of the 2023 Session. Some of the discussion points today may help direct the information to be presented throughout individual agency budget closings with regards to Coronavirus State Fiscal Recovery Funds within the COVID-19 Relief Programs budget, which was heard on March 20, 2023.

In June 2021, the State received \$2.739 billion of Coronavirus State Fiscal Recovery Funds. The general allowable uses for those funds include responding

to the public health emergency or its negative economic impacts, responding to workers performing essential work during the pandemic by providing premium pay, providing government services to the extent that the pandemic caused a reduction in revenue, and making the necessary investments in water, sewer and broadband infrastructure.

The deadline to obligate these funds is December 31, 2024. The deadline to expend the funds is December 31, 2026. To date, \$2.729 billion of Coronavirus State Fiscal Recovery Funds has been authorized for expenditure; of that amount, \$440.4 million was expended in FY 2021-2022. Accounting for those actual FY 2021-2022 expenditures and \$25.5 million in savings that was realized with the closure of FY 2021-2022, there is \$2.263 billion authorized in FY 2022-2023. Most funds have been obligated and authorized either through actions taken last Legislative Session or through the Interim.

A substantial number of programs are approved with expenditures carried forward into the 2023-2025 biennium and the 2025-2027 biennium. As of March 28, 2023, there was approximately \$112 million expended this fiscal year to date. A total of \$552.2 million, or approximately 20 percent of the State's total allocation, has been spent. Spent to date or expenditures to date reflects information based on the State's accounting system for which funds have been expended or transferred out of the COVID-19 Relief Programs B/A 101-1327, where these funds are housed. That may be less than actual expenditures to date for agencies or organizations awaiting reimbursements from the Office of the Governor, Governor's Finance Office (GFO).

The document provided to the Committees entitled Attachment A ([Exhibit D](#)) shows what has been approved to date, what was spent in FY 2021-2022, what is currently allocated in FY 2022-2023 and the spending plan for FY 2023-2024, FY 2024-2025 and the 2025-2027 biennium. Projected expenditures are based on information from the Executive Budget as submitted by the Governor and supplemental information provided by the GFO that identifies a projected expenditure plan by fiscal year for programs we know will go beyond FY 2022-2023.

The first column in Attachment A [Exhibit D](#) provided to the Committees is the approval authorization and description for the program allocation. Column A shows the total amount authorized for each individual program. Column B

identifies FY 2021-2022 actual expenditures. Column C represents the FY 2022-2023 allocation. Column D represents the FY 2023-2024 budget and/or estimated expenditures. Column E is the FY 2024-2025 budget and/or estimated expenditures. Column F shows the estimated future 2025-2027 biennium. Column G is the approved allocation or Column A less the sum of all the other columns. This may demonstrate savings in some instances. This may demonstrate additional funds recommended beyond the initial allocation, or approval in other instances.

For example, line 1 was approved during the Eighty-first Session to restore positions that were otherwise to be held vacant due to budget reductions. Those positions were restored with the Coronavirus State Fiscal Recovery Funds. Line 1 is specific to State agencies other than the Nevada System of Higher Education (NSHE). On line 1, the total approved allocation was approximately \$19.7 million. Actual expenditures were about \$9.4 million. In Column G, you see \$10.3 million of savings. That savings has been obligated or recommended to be obligated.

Gray shading on the table means there will not be expenditures in those years. Taking that first line item as an example, that allocation was for FY 2021-2022 only. There will not be expenditures in FY 2022-2023, FY 2023-2024 or the 2023-2025 biennium.

Both the green and the blue cells are reflective of amounts that are in the Executive Budget. The revenue transfer authority, expenditure authority and/or reserve set aside is included in the Executive Budget.

Green cells align with the Executive Budget but exceed the amount of the approved program allocation. Those will be addressed in the individual budgets and budget closings when the budget closings are presented to the Subcommittees and/or full Committees. For example, line 5 shows there was \$54 million approved for the replacement of the unemployment compensation information system for the Nevada Department of Employment, Training and Rehabilitation. In FY 2022-2023. There was approximately \$20.5 million to be expended. However, within the Executive Budget, there is revenue transfer authority of \$32.6 million in FY 2023-2024 and another \$32.6 million in FY 2024-2025. That exceeds the \$54 million approved for this project.

Recommendations will be made to correct those during the budget closings for the individual budget accounts.

Blue cells align with amounts in the Executive Budget and supporting documentation provided by the GFO. In row 7, for example, there was \$200 million approved for the Nevada Department of Education for grants for learning loss. As a result of the pandemic, none of that money has been expended, and none of it was projected to be expended in FY 2022-2023. The Executive Budget, as indicated by the blue coloring, includes \$100 million in each fiscal year of the upcoming biennium to expend those remaining funds.

The peach cells align with supporting documentation provided by the GFO but are not included in the Executive Budget. The peach color represents that we have the supporting documentation, and there are planned expenditures for the upcoming biennium for this program. Those planned expenditures are not reflected and not accounted for in the Executive Budget. One of the discussion points today is whether the Money Committees wish to account for this type of scenario in the Legislatively-approved budget.

For example, line 14 is \$4 million approved for the Dean's Future Scholars Program. Approximately \$1.6 million is estimated to be expended in FY 2022-2023, \$1.6 million in FY 2023-2024 and \$800,000 in FY 2024-2025. The FY 2023-2024 and FY 2024-2025 projected amounts are not currently reflected in the Executive Budget.

Lines 13 through 208 are items that have been approved to date. Lines 209 through 217 reflect new funding allocations in enhancement decision units in the Executive Budget.

There is about \$26 million included in the base budget in the Executive Budget to account for programs approved during the Interim, that were identified for programs with multiyear commitments, but for which the funding approved in the Interim was for FY 2022-2023 only.

The Work Program that came before Interim Finance Committee (IFC) identified a program needed through FY 2024-2025, but the funding was only approved for FY 2022-2023. The Governor's base budget carries forward funding to

continue those programs. The amount under that scenario is about \$26.1 million.

Committee members have expressed concerns with the delays and in the implementation of programs that were approved by the Eighty-first Legislative Session and during the Interim. They also expressed concerns about demonstrating an obligation of funds to meet the December 31, 2024, deadline as well as wanting to ensure that few to no funds are returned to the federal government because they were not spent in a timely manner.

Four issues have been identified for discussion during today's Work Session:

1. Whether to account for 100 percent of projected expenditures of Coronavirus State Fiscal Recovery Funds for approved program allocations over the 2023-2025 biennium.
2. Whether to account for future 2025-2027 biennium projected expenditures of Coronavirus State Fiscal Recovery Funds within the Legislatively-approved budget for the 2023-2025 biennium.
3. Whether to establish a budget policy regarding the timing of the transfers of Coronavirus State Fiscal Recovery Funds from the COVID-19 Relief Programs budget to State agency budgets and/or non-State organizations that is different than the current reimbursement process.
4. Information on unobligated funding and projected savings from approved program allocations and determining priorities for consideration of possible reallocations of those savings to address legislative priorities.

For Item 1, Fiscal staff calculates \$1.133 billion of budgeted authority funded with Coronavirus State Fiscal Recovery Funds. We know there is some duplication of funds that need to be removed from the budget. Those are not savings. We need to align the authority and when we account for those, it leaves about \$1.133 billion of budgeted revenue authority and expenditures over the upcoming biennium in the Executive Budget.

In FY 2022-2023, there is about \$2.263 billion in authority. We know numerous approved programs will have expenditures over a multiyear period, and

100 percent of those projected expenditures are not accounted for in the Executive Budget for the 2023-2025 biennium.

If you take the currently authorized \$2.263 billion and the \$1.133 billion in the Executive Budget, it is unlikely that the State is going to spend over \$1 billion in the next three months or have savings realized in an amount of over \$1 billion over the next three months. As of March 28, 2023, based on information in the State's accounting system, there is approximately \$111.7 million expended of the \$2.263 billion of authority in the current fiscal year.

Pursuant to The State Budget Act, specifically NRS 353.220 subsection 8, paragraph (b), agencies have authority to balance forward unexpended funds from one fiscal year to the next fiscal year providing the funds are balanced forward and used for the same exact purpose in which they were initially approved. Not everything projected for the upcoming biennium is reflected in the Executive Budget. Statutory authority still allows balance forwarding and the authority to expend those funds in the upcoming biennium.

Given the timeframe for when the Coronavirus State Fiscal Recovery Funds must be obligated and expended, the Money Committees may wish to consider accounting for 100 percent of the projected expenditures over the 2023-2025 biennium in the Legislatively-approved budget to ensure State agencies have a clear expenditure plan for the next two years. Doing so would demonstrate an obligation of funds by the December 31, 2024, deadline. It would also memorialize Legislative priorities for expenditure of these funds.

There are about \$18.6 million in projected expenditures as reported by the GFO that are not currently accounted for in the Executive Budget. In addition to those items, there are several program allocations approved in FY 2022-2023 that do not have projected expenditures over the 2023-2025 biennium in the supporting material received from the GFO. However, these projects are likely to have expenditures over the 2023-2025 biennium.

The table provided to you shows the Coronavirus State Fiscal Recovery Funds approved program allocations. Line 4 shows the August 17, 2022, IFC meeting that approved \$151 million to support construction of new facilities and renovations of existing facilities to expand the capacity and infrastructure of

Nevada's public health system. As of March 29, 2023, there were zero expenditures and no projected expenditures by the end of FY 2022-2023.

The Committees may wish to provide direction to account for the projected expenditures for these types of projects in the upcoming 2023-2025 biennium and reflect those in the Legislatively-approved budget. This table represents examples where it is very unlikely the money will be spent by June 30, and there is no projected expenditure plan for the upcoming 2023-2025 biennium. We can work with Agency staff and the GFO to figure out what that plan should look like.

Regarding Item 2, if the Committees wish to account for 100 percent of the projected expenditures of the Coronavirus State Fiscal Recovery Funds over the 2023-2025 biennium, they may wish to direct Fiscal staff to work with the GFO and State agencies so that adjustments can be recommended to account for 100 percent of anticipated expenditures of the funds and the Legislatively-approved budget for the upcoming 2023-2025 biennium. These recommendations can be made during agency budget closings before the Subcommittees and full Committees and when the COVID-19 Relief Program B/A 101-1327 is closed.

The Committees may wish to grant Fiscal staff blanket authority to make technical adjustments across all budgets in which Coronavirus State Fiscal Recovery Funds have been authorized and in which there are projected expenditures in the 2023-2025 biennium to reconcile the budgeting of the Coronavirus State Fiscal Recovery Funds.

The Committees may wish to direct Fiscal staff to provide the Committees with a summary and reconciliation of all approved authorizations of Coronavirus State Fiscal Recovery Funds and any necessary adjustments to account for the projected expenditures over the upcoming 2023-2025 biennium. In this instance, we would outline the overall expenditure plan by fiscal year and use that format to demonstrate what the overall picture looks like.

The decision to be made at closing for Item 1 is whether to account for 100 percent of projected expenditures of Coronavirus State Fiscal Recovery Funds for approved program allocations over the 2023-2025 biennium or not authorize any adjustments for projected expenditures not currently in the

Executive Budget for FY 2023-2024 and FY 2024-2025. This would allow State agencies and the GFO to balance forward any remaining authority at the close of FY 2022-2023 from the original authorization that is not accounted for in the Legislatively-approved budget for the 2023-2025 biennium under NRS 353.220 subsection 8, paragraph (b), and for which the funding authority that is balanced forward must be for the same purpose as the original authorization.

Item 2 is whether to account for 2025-2027 biennium projected expenditures of Coronavirus State Fiscal Recovery Funds within the Legislatively-approved budget for the 2023-2025 biennium.

Based on information provided by the GFO, there is approximately \$232 million in projected expenditures over the 2025-2027 biennium. These amounts are not reflected in the Executive Budget. Any remaining authority in FY 2022-2023 from the original authorization not accounted for in the Legislatively-approved budget would be balanced forward to FY 2023-2024 and in subsequent fiscal years for the same intended purpose, pursuant to NRS 353.220 subsection 8, paragraph (b).

The Committees may wish to consider accounting for all future biennium projected expenditures for these programs within the Legislatively-approved budget to demonstrate an obligation of funds by the December 31, 2024, deadline and to memorialize legislative priorities for expenditure of these funds.

The Governor's Office of Finance testified during the budget hearing that budgeting of positions and program expenditures with the Coronavirus State Fiscal Recovery Funds would be sufficient to demonstrate an obligation of funds. Also Notices of Allocations issued by the GFO would serve as further confirmation of constituting an obligation by the federal deadline.

While consideration could be given to accounting for planned future 2025-2027 biennium expenditures in the Legislatively-approved budget for the 2023-2025 biennium, Committee members have expressed concerns about a legislative body obligating the future legislative body. One legislature cannot, by ordinary legislation, bind or control in any manner a subsequent legislature, and the legislature is free to enact any law not prohibited by the U.S. Constitution or the Constitution of the State of Nevada.

If these Committees were to account for the future biennium expenditures within the Legislatively-approved budget, it would not bind the 2025 Legislature to approve those allocations. The 2025 Legislature will not commence until after the December 31, 2024, deadline to obligate funds and any such action by the 2025 Legislature could be limited to the deobligation of funding for programs unless there are changes at the federal level in the rules and deadlines.

If the Committees wish to account for 100 percent of the projected 2025-2027 biennium expenditures, they may wish to direct Fiscal staff to work with the GFO and State agencies so adjustments can be recommended to account for 100 percent of those anticipated expenditures in the Legislatively-approved budget. These recommendations can be made during agency budget closings before the Subcommittees and full Committees or when the COVID-19 Relief Programs B/A 101-1327 is closed.

The Committees may also wish to grant Fiscal staff blanket authority to make technical adjustments across all budgets in which the Coronavirus State Fiscal Recovery Funds have been authorized and for which there are projected expenditures in the 2025-2027 biennium. The Committees may wish to direct Fiscal staff to provide the Committees with the summary and reconciliation of all approved authorizations of the Coronavirus State Fiscal Recovery Funds and any necessary adjustments to account for the projected 2025-2027 biennium expenditures within the Legislatively-approved budget.

If direction is given to account for the future biennium expenditures, consideration would be given for closing of those individual budgets and/or the followup reconciliation that would be provided to the Committees. Consideration could be given to placing those future biennium projected expenditures into a dedicated reserve category within the individual budgets. There would be action required in the 2025 Legislature to move the authority from reserves to an expenditure category or through the work program process.

The decision for the Committees on Item 2 is whether to account for 100 percent of projected 2025-2027 biennium expenditures of Coronavirus State Fiscal Recovery Funds within the Legislatively-approved budget for the 2023-2025 biennium or not authorize any adjustments for projected 2025-2027 biennium expenditures which are not currently in the

Executive Budget. That would allow State agencies and the GFO to balance forward any remaining authority at the close of FY 2022-2023 from the original authorization that is not accounted for in the Legislatively-approved budget for the 2023-2025 biennium under NRS 353.220 subsection 8, paragraph (b) and for which the funding authority that is balanced forward must be for the same purpose as the original authorization.

Item 3 is whether to establish a budget policy regarding the timing of transfers of Coronavirus State Fiscal Recovery Funds from the COVID-19 Relief Program's budget to State agency budgets and/or non-State organizations that are different than the current reimbursement process.

Committee members have expressed concerns with ensuring funds are expended by the December 31, 2026, federal deadline and that little to no funding is reverted to the federal government following that deadline. There are concerns with the current reimbursement process to release funds to State agencies and nonprofits. Members of the Committees have indicated they have received communication from agencies and organizations that they are not receiving timely reimbursements. Some agencies are reluctant to move forward with program implementation with a sense of uncertainty as to when these funds may be available.

As a reminder, there were a number of buckets of funding approved in the American Rescue Plan Act. What we are talking about today is limited to the Coronavirus State Fiscal Recovery Funds. To recap, what has been spent to date is \$440.4 million. Of that amount, \$332.4 million was to repay the advance received by the Unemployment Compensation Fund. Excluding the repayment of the Unemployment Compensation Fund, \$108 million was expended in FY 2021-2022 or about 3.9 percent of the State's total allocation. As previously identified, in FY 2022-2023 there is about \$2.26 billion of authority and as of March 28, 2023, \$111.7 million has been expended. Combining both fiscal years, \$552.2 million or 20.2 percent of the State's total allocation has been spent.

Under the existing reimbursement policy of the GFO, agencies will typically incur expenditures prior to the receipt of reimbursements. The policy is to transfer funds to agencies and organizations on a reimbursement basis upon request and receipt of supporting documentation. The review to ensure actual

expenditures are compliant with federal requirements requires timely processing of the reimbursements, which is dependent upon agencies and organizations submitting complete and accurate supporting documentation. Timely processing also requires sufficient resources within the GFO to receive, review and approve the requests.

During the March 20, 2023, budget hearing, the GFO testified that the reimbursement process is a federal standard defined in federal requirements and advances are allowed under certain situations. They further testified the reimbursement process allows for a thoroughness in vetting the appropriateness of the expenditures to ensure the costs are allowable and to prevent any potential federal payback of funds at the expense of the State. While the projects are vetted prior to approving the initial authorization, the GFO clarified there is an additional vetting needed on actual expenditures to ensure they are appropriate and in alignment with the program as approved.

Following the budget hearing, the GFO confirmed the U.S. Department of the Treasury does not limit advances of Coronavirus State Fiscal Recovery Funds. However, advances would make it difficult to ensure compliance with the federal rules and current staff does not have the capacity to issue advances and monitor compliance on advances as a standard practice. The GFO indicated three requests for reimbursement have been denied for not being compliant with federal regulations and approximately \$18,600 in requests were denied upfront. There is approximately \$50,400 pending payback or return to the State.

The U.S. Department of the Treasury's final rule confirms and emphasizes that the State is allowed and authorized to advance funds upfront. Recipients may transfer funds to subrecipients in several ways, including advanced payments and on a reimbursement basis. There is language that says given the broad flexibility that recipients have in selecting eligible uses in the broad variety of potential subrecipients, the U.S. Department of the Treasury believes specifying the single method of advancement or reimbursement would add unnecessary administrative difficulty to program administration. Recipients may determine the optimal payment structure for the transfer of funds. For example, advanced payments and on a reimbursement basis from recipients to subrecipients could be used.

Regarding Item 3, the Money Committees may wish to consider establishing a budget policy relating to the timing of transfer of Coronavirus State Fiscal Recovery Funds to State agencies and organizations which have been approved in the allocation of funds to ensure the approved programs can be implemented in a timely manner and the funds are expended by the December 31, 2026, federal deadline. Those considerations could indicate 100 percent of the approved funding is advanced upfront or some portion of the approved allocation is advanced upfront, such as 50 percent or 75 percent.

The decision on Item 3 to be made at closing is whether to establish a budget policy regarding the timing of transfers of Coronavirus State Fiscal Recovery Funds to State agency budgets or organizations that is different than the current reimbursement process. That would be done through memorializing the intent of the Committees that approved authorizations of Coronavirus State Fiscal Recovery Funds be transferred to and made immediately available for State agencies and organizations for which programs have been approved; establishing whether the policy would require the transfer of 100 percent of the authorized amount or some portion of the authorized amount such as 50 percent or 75 percent of the total authorized amount; or alternatively taking no action, thus allowing the GFO to continue operating under the existing reimbursement policy or under another policy to be determined in the future by the GFO.

Item 4 for consideration is to provide information on unobligated funding and projected savings from approved program allocations and determine priorities for consideration of possible reallocations of those savings to address legislative priorities.

With the December 31, 2024, deadline to obligate funds, the full Legislature will not have another opportunity after the conclusion of the Eighty-second Legislative Session to prioritize the use of any identified savings or unobligated Coronavirus State Fiscal Recovery Funds.

Regarding discussions on Item 4, a table has been provided to the Committees showing the current unobligated balance of just over \$1 million as calculated by Fiscal staff. The table shows total received by the State, FY 2021-2022 actual expenditures, FY 2022-2023 authority, new authorizations in the Executive Budget for the 2023-2025 biennium, cost of living adjustments for positions

funded with Coronavirus State Fiscal Recovery Funds, and new funding identified by the GFO for commitment in future biennium.

Almost 100 percent of the State's allocated funds have been obligated. What is not accounted for on this table is any potential savings that may occur as programs wrap up in FY 2022-2023, or as agencies and organizations finalize the actual expenditure plan. There are several computer system modernizations and some construction funded. All approvals were based on projections. Once the actual numbers come in, there will likely be savings.

A Work Program submitted for IFC identifies \$7.5 million in savings from finalized programs. At the April 7, 2022, meeting of the IFC, authorization of \$100 million was approved and set aside for allocations to State agencies. Currently, \$67.9 million of the \$100 million has been allocated. There is approximately \$32.1 million in unobligated authority under this program.

The GFO has indicated it has certain program areas earmarked for use of a portion of that \$32 million. That may include shoring up some budgets that have revenue shortfalls from administrative assessment revenues that are not coming in as projected. The Committees could consider reobligating any savings under that \$100 million authority. Fiscal staff would need to work with the GFO to understand what has been set aside but not yet requested through the IFC for use of that remaining \$32.1 million. There would need to be some sort of agreement that whatever is identified as savings to repurpose will not be obligated for some other purpose by the end of the fiscal year. There must be some sort of consensus on what that actual savings is and what is available for potential repurposing.

While most work programs require IFC approval, not all work programs require IFC approval. If there is a work program, for example, to use funds for the Judicial Branch, the Judicial Branch is exempt from the portion of the State Budget Act that requires IFC to approve its work programs. When I talk about some sort of consensus between Fiscal staff and the GFO, we would need to ensure nothing else would get approved that would not otherwise require approval of the IFC or be identified in advance.

During the March 20, 2023, budget hearing, the GFO testified that it was working on an analysis of the Coronavirus State Fiscal Recovery Funds and had

a deadline of March 24, 2023, to provide information to the Office of the Governor. The GFO provided a detailed workbook to Fiscal staff with information about program allocations, pending obligations, project timelines, status updates and projected savings available for repurposing.

Within that information, \$5 million in savings was identified. Fiscal staff has not had time to fully analyze that information and work with the GFO. There appears to be some discrepancies between the \$5 million in the detailed workbook and the work program submitted to the IFC. Whether that \$5 million is in addition to the \$7.5 million or is a subset is something we need to work through.

The GFO provided information that an additional \$5.6 million in savings not reflected in the workbook has been identified. Those additional savings could be repurposed by these Committees to meet a priority of the Legislature.

The GFO is going to continue to solicit and receive information from State agencies on how the spending and plans for all approved programs will occur. They will get monthly reports, analyze those reports and make those reports available to Fiscal staff. The next report is anticipated by April 21, 2023.

In addition to identifying savings, the 2023 Legislature could consider identifying programs for which approved authorizations of funding could be reduced or canceled. The Legislature could deobligate funds from those programs and use the deobligated funds for another purpose.

The table provided to the Committees shows program approvals and authorizations, what has been expended as of March 29, 2023, and the remaining authority for those programs. For example, there is about \$50 million approved for the restoration of positions in FY 2022-2023 that would otherwise have been held vacant or eliminated. Of that \$50 million, \$19.3 million has been expended as of March 29, 2023. That leaves about \$30.8 million in authority. There will be additional savings realized with the close of FY 2022-2023 and into the upcoming biennium.

We will not know what the final savings are until the fiscal year is closed. It is likely there will be some savings from those position restorations, and the

entire \$50 million will not be expended. The table provides examples for some program areas where there could be additional savings.

Another item for your consideration has to do with the furlough repayments approved at the December 2022 IFC meeting. There were transactions posted on April 4, 2023, in the State's accounting system of over \$35 million. Based on the additional amount posted in the accounting system yesterday, about \$34 million has been spent to reimburse employees for furloughs. The remaining authority is approximately \$1.4 million.

If there are savings realized in FY 2022-2023, some will not be known until the fiscal year is closed out, which is likely not to occur until September 2023, well after the Eighty-second Legislative Session has ended. With the December 31, 2024, federal deadline to obligate these funds, the full Legislature may not have another opportunity after the conclusion of the Session to prioritize the use of identified savings or unobligated Coronavirus State Fiscal Recovery Funds.

There are four items the Committees may want to consider. Item 1 is to direct Fiscal staff to continue to work with the GFO to identify available remaining authority under the \$100 million State agency allocation. Item 2 is to develop a priority order of spending of any available savings identified or that may become available. Item 3 is to direct Fiscal staff to work with the GFO and/or directly with State agencies to identify estimated savings from program allocations so any such savings can be redirected to meet legislative priorities for the 2023-2025 biennium. Item 4 is to direct Fiscal staff to bring any identified savings to the closing of the COVID-19 Relief Programs budget which is tentatively scheduled for the end of April 2023.

The decisions to be made at closing are whether to prioritize and allocate any available remaining authority under the \$100 million State agency allocation and/or to specify priority order of spending for available savings or unobligated Coronavirus State Fiscal Recovery Funds which are identified or may become available.

The final item for your consideration is whether to grant Fiscal staff blanket authority to make technical adjustments relating to the budgeting of approved program allocations funded with Coronavirus State Fiscal Recovery Funds.

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Under Items 1 and 2, the Committees could grant blanket authority for Fiscal staff to make technical adjustments across all budgets in which Coronavirus State Fiscal Recovery Funds have been authorized and in which there are projected expenditures over the 2023-2025 biennium and 2025-2027 biennium not currently accounted for in the Executive Budget to reconcile the budgeting of all Coronavirus State Fiscal Recovery Funds.

Fiscal staff will provide a summary of the adjustments and a global representation of all Coronavirus State Fiscal Recovery Funds budgeted over the 2023-2025 biennium. This would allow for the Legislatively-approved budget to memorialize the priorities of the Legislature and to provide a more accurate representation of the budgeting of Coronavirus State Fiscal Recovery Funds over the 2023-2025 biennium.

The decision for the Committees is whether the Committees wish to provide Fiscal staff with authority to make technical adjustments within individual agency budget accounts and within the COVID-19 Relief Programs B/A 101-1327 for the purpose of aligning projected expenditures of Coronavirus State Fiscal Recovery Funds over the 2023-2025 biennium.

In addition, do the Committees wish to provide Fiscal staff the authority to make technical adjustments to account for the obligation of funds for projected expenditures in the 2025-2027 biennium for approved program allocations with the intent to ensure the Legislatively-approved budget provides the most accurate and up to date information, memorializing approved obligations and budgeting of Coronavirus State Fiscal Recovery Funds?

ASSEMBLYWOMAN KASAMA:

Using your example of the \$151 million for the construction of new facilities for the public health system, if we were to choose Option 2, to not authorize any adjustments for projected expenditures not currently in the Executive Budget, would that mean the money is lost? Would we need to choose Option 1 to account for 100 percent of projected expenditures, to be able to reallocate the \$151 million because we will not be able to expend that by the deadline?

MR. LEISER:

If Option 2 were chosen, the \$151 million authority would not be deobligated for the original purpose it was approved. Under Option 2, there would be no

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funding included in the Legislatively-approved budget or reflected in the Legislatively-approved budget for the \$151 million for the construction of the new facilities and renovations.

That \$151 million program was approved through the IFC and the work program process and authority exists in the FY 2022-2023 budget. The State Budget Act, NRS 353.220, allows State agencies to balance forward unexpended funds from one fiscal year to the next if the balance forward purpose is for the same purpose as originally authorized.

If Option 2 were selected and none of the \$151 million was expended in FY 2022-2023, we would expect to see a work program processed and approved by the GFO to balance forward the \$151 million in authority from FY 2022-2023 to FY 2023-2024. That balance forward work program would not come before the IFC because of the statute that allows it to be approved without going to IFC. The authority would still be there, and the authority would still be available to balance forward to FY 2023-2024. It would not be reflected in the Legislatively-approved budget, and the action to balance forward the authority would not come before the IFC.

ASSEMBLYWOMAN KASAMA:

Would it still have to be used for the original intended purpose?

MR. LEISER:

That is correct.

ASSEMBLYWOMAN KASAMA:

If we are not able to use \$151 million on construction projects in two years, would we risk losing it?

MR. LEISER:

The Agency would have the authority to balance forward any unexpended funds from that project until project completion or until we have passed the federal deadline. If \$151 million was balanced forward from FY 2022-2023 to FY 2023-2024 and only \$21 million was expended in FY 2023-2024, the Agency would be allowed to balance forward \$130 million from FY 2023-2024 to FY 2024-2025 under the provisions of NRS 353.220. It could continue to do

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that until the project is complete, or we have reached the federal deadline in which any remaining funds would be reverted to the federal government.

ASSEMBLYWOMAN KASAMA:

Under Option 1, could we reallocate \$151 million to other areas?

MR. LEISER:

Separate from this particular decision point, the Committees could make decisions to deobligate funds from programs that were approved in the Eighty-first Session or programs that were approved during the Interim. We would want to have conversations about considerations to deobligate funds. For the \$151 million program, I do not know if there have been any contracts entered into to begin the construction work or whether there is a contractual obligation of the State to move forward. These types of things need to be considered if the Committees wanted to deobligate funds for approved programs.

SENATOR SEEVERS GANSERT:

The two issues are obligating funds and spending funds. Funds must be obligated by December 31, 2024. Funds must be spent by December 31, 2026. Is it correct to say if we earmark the funds, that affirms to the federal government that the funds have been obligated, but in reality, because of our process, they may not be obligated?

MR. LEISER:

That is correct. Accounting for funds would memorialize and demonstrate an obligation of the funds.

SENATOR SEEVERS GANSERT:

The process we have for obligation of funds is that all recommendations come out of the Office of the Governor. Recommendations would flow to IFC. We approve or not approve them. The original intent of how dollars should be spent comes from the Office of the Governor. If we deobligated funds, would that be the same process because of the way the money was passed from the federal government? If you deobligate something, does it go back to the Office of the Governor to make a recommendation on how to reobligate those funds?

MR. LEISER:

Depending on the timing, I would answer your question looking at it in two ways.

If the Committees choose to deobligate funds from a program or use savings for a program, that could be done through the budget process this Session. These Committees could identify the program areas they would like to prioritize and allocate funds to. That would be done through the budget process. If included within the individual budget accounts, as part of the budget closing process, they would be rolled up and accounted for in the Authorizations Act.

Alternatively, other pieces of separate legislation could be used to obligate or allocate funds for a specific priority of the Legislative Session. The Legislature and these Committees have an opportunity to repurpose and obligate funds through the budget process and through passage of legislation during the Legislative Session.

Any remaining unobligated funds, any additional savings identified after the session has concluded or any new recommendations to prioritize those additional savings would come forward through the Office of the Governor. If the recommendation met the statutory requirements to come to IFC for approval, they would come to IFC, but they would come at the recommendation of the Governor.

The Legislature could, and has the authority to, set the priorities for how the funds would be spent. If there is not designation for how the legislative body wants any unobligated funds or savings to be spent, the recommendation for use of those savings following the conclusion of the Legislature would come through the Office of the Governor.

SENATOR SEEVERS GANSERT:

Our process has always been recommendations from the Governor to the legislative body. When we were in Session in 2021, the Governor proposed how to spend the money through his Executive Budget, and the Legislature used that process to review, approve or change it. Is that why there is this authority now?

MR. LEISER:

There were timing considerations last Legislative Session. While the State knew Coronavirus State Fiscal Recovery Funds were coming, the funds did not get deposited into the State's bank account until around June 4, 2021. There were several discussions last Legislative Session about how to prioritize the use of the funds, but without actual receipt of the funds, it was a unique situation.

There were discussions with the Office of the Governor and the legislative body on how to use those funds. A handful of bills were passed last Legislative Session to authorize and obligate a portion of these funds. That included S.B. No. 459, A.B. No. 484, A.B. No. 486, A.B. No. 495, and S.B. No. 461 of the 81st Session. Some of those bills specified use of the funds. A number of those were priorities of the Legislative Body. While it may have been a shared priority with the Office of the Governor, the Legislature had a say and passed legislation to establish priorities for expenditure of the funds through those pieces of legislation.

Those bills only obligated around \$650 million. Following the Eighty-first Session, the process through the Interim was driven by the Office of the Governor. It made recommendations for how to allocate those funds, and recommendations were brought before the IFC through the work program to approve during the Interim.

The difference this Legislative Session is the State knows it has the funds. The challenge is that almost all but \$1 million of the \$2.7 billion is obligated. If the Committees would like to prioritize the use of these funds for something other than what is already recommended in the Executive Budget, the Committees can do that through the budget process and identify what those priorities should be.

SENATOR CANNIZZARO:

I would be comfortable directing Fiscal staff to work with the Office of the Governor, the GFO and State agencies so we can make adjustments to account for items we have already allocated. We would account for 100 percent of projected expenditures for the COVID-19 Relief Programs B/A 101-1327 for those approved allocations. There was considerable time and effort put into vetting certain things so those dollars could go to those projects. That should be reflected in the budget.

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Additionally, there was a request to give blanket authority to make those technical adjustments by Fiscal staff across all budgets for expenditures in the 2023-2025 biennium so we can reconcile that and give the Committees the reconciliation of all approved authorizations and make any adjustments to account for those expenditures.

CHAIR DONDERO LOOP:

To recount, Senator Cannizzaro, are you suggesting we would direct Fiscal staff to account for 100 percent of the projected expenditures of Coronavirus State Fiscal Recovery Funds for approved program allocations over the 2023-2025 biennium?

SENATOR CANNIZZARO:

Yes. There were some accompanying pieces of that for technical adjustments and some follow up documentation from Fiscal staff so we can account for that.

SENATOR TITUS:

Are we using allocated and obligated synonymously?

MR. LEISER:

Yes, I have used those interchangeably in my testimony.

SENATOR TITUS:

I want to make clear when you say allocated that means it is a substantial obligation.

MR. LEISER:

I have been using those terms to describe programs approved either by the Eighty-first Legislature or through the Interim for an allocation of funds for certain programs, which also demonstrates an obligation of funds.

CHAIR DONDERO LOOP:

These Committees recommend we direct Fiscal staff to account for 100 percent of projected 2025-2027 biennium expenditures of Coronavirus State Fiscal Recovery Funds within the Legislatively-approved budget for the 2023-2025 biennium.

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ASSEMBLYMAN YEAGER:

I understand we had to repay a \$332 million loan from the federal government for unemployment. I will back that out of the calculations. Am I correct that the State has only spent somewhere around 4 percent of the remaining Coronavirus State Fiscal Recovery Funds?

MR. LEISER:

That is correct for what was spent in FY 2021-2022, if you back out the repayment for the unemployment compensation fund. There was about \$108 million expended, which is about 4 percent of the State's total allocation. If you also accounted for FY 2022-2023 expenditures to date, which are around \$112 million, those two combined would be approximately 8 or 9 percent of the State's total allocation.

ASSEMBLYMAN YEAGER:

Is the process we have in place working? I am concerned about only spending 8 or 9 percent and having to return some of this funding to the federal government. We made strategic decisions about where to obligate this money. We have heard discouraging testimony about positions not being filled or not being created. I understand we had quite a bit of turnover in executive agencies as expected with the new administration. We should focus on everything we can do to ensure we are spending every single dollar and will not be in a position where we will have to return any of this money.

CHAIR DONDERO LOOP:

These Committees direct Fiscal staff to memorialize the intent of the Money Committees is approved authorizations of Coronavirus State Fiscal Recovery Funds be transferred to and made immediately available for State agencies and organizations for which programs have been approved.

These Committees direct Fiscal staff to establish whether the policy would require the transfer of 100 percent of the authorized amount or some portion of the authorization such as 50 percent or 75 percent of the total authorized amount.

Is there any discussion on the 50 percent, 75 percent, or 100 percent?

SENATOR CANNIZZARO:

We have talked about the reimbursement process. It is important to keep in mind there was a very small percentage of requests found noncompliant resulting in approximately \$18,000 of funding being returned. Other requests are under review for compliance, but most of the programs these monies were allocated to were vetted before they were approved for those funds. This is not an issue of inappropriate use of funds or organizations not being forthcoming about how they are using those funds.

If we were to approve a different process, I suggest 50 percent of an allocation in an upfront advance. Then, once there has been an opportunity to see how those funds were used, the remaining 50 percent could be advanced so they can use those funds, and we can get these dollars out and spent.

SENATOR SEEVERS GANSERT:

We also need to have some sort of reporting mechanism. Once we release the funds, how will we ensure the process is working? We are all concerned about making sure all the money gets spent and the current process has been very bureaucratic. I agree with a 50 percent upfront advance, and once vetted, another 50 percent.

We also need to set up some sort of Interim or IFC check to make sure funds are getting spent. If we change the process and funds are still not getting spent, we will need to use other measures.

CHAIR DONDERO LOOP:

We receive a report every IFC. The reporting is already embedded in our process. I suggest we establish a 50 percent advance of the total authorized amount.

Is there any discussion on Item 4?

Seeing no discussion, the Committees direct Fiscal staff to prioritize and allocate any available remaining authority under the \$100 million State agency allocation and specify a priority order of spending for any available savings or unobligated Coronavirus State Fiscal Recovery Funds which are identified or may become available.

MR. LEISER:

Fiscal staff requests the Committees grant blanket authority for Fiscal staff to make technical adjustments as described in materials provided, accounting for the budgeted revenues and expenditures of Coronavirus State Fiscal Recovery Funds B/A 101-1327 over the upcoming biennium and to account for those that are projected in 2025-2027 biennium, so that those are memorialized and demonstrated in the Legislatively-approved budget.

Do the Committees wish to provide Fiscal staff with authority to make technical adjustments within individual agency budget accounts and within the COVID-19 Relief Programs budget for the purpose of aligning projected expenditures of Coronavirus State Fiscal Recovery Funds over the 2023-2025 biennium?

In addition, do the Committees wish to provide Fiscal staff with the authority to make technical adjustments to account for the obligation of funds for projected expenditures in the 2025-2027 biennium for approved program allocations with the intent to ensure the Legislatively-approved budget provides the most accurate and up to date information, memorializing approved obligations and budgeting of Coronavirus State Fiscal Recovery Funds.

ASSEMBLYMAN YEAGER MOVED TO PROVIDE FISCAL STAFF WITH AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS WITHIN INDIVIDUAL AGENCY BUDGET ACCOUNTS AS WELL AS WITHIN THE COVID-19 RELIEF PROGRAMS B/A 101-1327 FOR THE PURPOSE OF ALIGNING PROJECTED EXPENDITURES OF CORONAVIRUS STATE FISCAL RECOVERY FUNDS OVER THE 2023-2025 BIENNIUM AND TO PROVIDE FISCAL STAFF WITH THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO ACCOUNT FOR THE OBLIGATION OF FUNDS FOR PROJECTED EXPENDITURES IN THE 2025-2027 BIENNIUM FOR APPROVED PROGRAM ALLOCATIONS WITH THE INTENT TO ENSURE THE LEGISLATIVELY-APPROVED BUDGET PROVIDES THE MOST ACCURATE AND UP TO DATE INFORMATION, MEMORIALIZING APPROVED OBLIGATIONS AND BUDGETING OF CORONAVIRUS STATE FISCAL RECOVERY FUNDS.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR DONDERO LOOP:
We will move on to public comment.

KYLE DALPE (President, Western Nevada College):
Today is Western Nevada College Day at the Legislature. I have several students from our student government, 1 elected regent, and 11 faculty members and spouses. Please join us today as we celebrate higher education.

Remainder of page intentionally left blank; signature page to follow.

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CHAIR DONDERO LOOP:
This meeting is adjourned at 10:25 a.m.

RESPECTFULLY SUBMITTED:

Helen Wood,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

Assemblywoman Shea Backus, Vice Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	2	Brody Leiser / Chief Principal Deputy Fiscal Analyst	Closing List #1
	D	14	Brody Leiser	Attachment A