

**STATE OF NEVADA
ADVISORY COUNCIL ON FEDERAL ASSISTANCE**

MEETING ACTION MINUTES

DATE: October 19th, 2016

LOCATION: Legislative Building, Room 4100
401 South Carson Street
Carson City, NV;

Grant Sawyer Office Building, Room 4401
555 East Washington Avenue
Las Vegas, NV

CHAIRMAN: John Ritter, FOCUS Property Group

SECRETARY: Connie Lucido, Chief, Office of Grant Procurement, Coordination, and Management (State Grants Office)

IN ATTENDANCE:

Voting Members	Non-Voting Members
<i>John Ritter, Chairman</i> <i>Assemblyman Derek Armstrong, Vice Chair</i> <i>Kathi Thomas-Gibson, City of Las Vegas</i>	<i>Connie Lucido, State Grants Office</i> <i>Jim Wells, Governor's Finance Office</i>
Absent	
<i>Pete Goicoechea, Senator</i> <i>Zanny Marsh, American Red Cross of Northern Nevada</i>	

1. CALL TO ORDER -

Chairman Ritter called the meeting to order at 1:05 p.m.

2. ROLL CALL AND INTRODUCTION OF COUNCIL MEMBERS -

Ms. Lucido called roll and Chairman Ritter and Assemblyman Armstrong were present. It was decided to discuss non-action items until a quorum was reached. Ms. Thomas-Gibson arrived at 1:13 p.m. and a quorum was present.

3. PUBLIC COMMENT-

None.

4. FOR POSSIBLE ACTION- APPROVAL OF MINUTES OF AUGUST 10th MEETING

A. No comments on the minutes.

- i. **Assemblyman Armstrong made a motion to pass the minutes as they were written.** Ms. Gibson seconded. Motion was passed unanimously.

5. FOR POSSIBLE ACTION- DISCUSSION OF ACTION ITEMS

A. Status Check on Major Items

Grant Management System- Ms. Lucido said the GMS was approved as a possible enhancement, although she does not know if it will become part of the Governor's recommended budget. She said she is moving forward as if it has been approved and is having her staff put together documents and presentations from possible vendors.

Chairman Ritter said that while we learned in between this meeting and last there is a possible large budget hole in the state, he would like to go on record stating he believes the GMS, the Grants Office and the work of the Council is similar to agencies like Taxation in that the work is revenue generating for the entire state. Chairman Ritter said in his opinion, the work of the Council and the Grants Office should be a priority because it can generate revenue even if the state struggles financially.

BDR Request to Streamline Grant Acceptance- Ms. Lucido said the BDR is moving forward. Assemblyman Armstrong stated he has had conversations with legislative leadership and he feels it may be more prudent for members of the Legislature to propose the bill draft rather than the Governor. Assemblyman Armstrong agreed to discuss the matter with the Legislature and report back at the next meeting.

B. Budget Disincentives

Chairman Ritter said this was a continuation of discussion from the last meeting. He asked Jim Wells what his ideal scenario would be for the budget process.

Mr. Wells stated this issue goes back to Section 7 of the Appropriations Act, where it states if other funds are available to an agency, general fund is a last resort. If you get additional revenue after the budget is set, those funds are used to offset or reduce the general fund appropriation in your budget. The money reverts back to general fund and is re-appropriated in future years. This causes a

disincentive to apply for grants because an agency's budget disappears if they have generated additional funding revenue. Mr. Wells said Section 7 is a long-standing provision and in order to change it, you would need to look at a methodology or formula instead of simply removing the language. He said if it were changed, a way to maintain legislative oversight would be to put a provision in statute or the Appropriations Act requiring an agency to come back to IFC to tell them what the grant is for and what the dollars are going toward. Mr. Wells said if the act was changed allowing for the retaining of general fund, agencies should explain how the grant will supplement, and not supplant, general fund money. Mr. Wells said if the language was changed to leave general fund, it was important to ensure that grants being brought in were to supplement services and serve additional populations, rather than supplanting populations and using general fund for services already being provided.

Chairman Ritter asked if it was Mr. Wells' understanding that most grants have a non-supplanting clause and typically aren't supposed to cover services that already exist. Mr. Wells said yes and no. He said he has some instances where, after general fund has been expended, it is determined by his office a service provided by an agency is eligible for Medicaid funding. In this instance, Medicaid dollars would come in and general fund would go away and nothing in Medicaid law would prohibit that. He said there are grants that prohibit supplanting, but it depends on funding agency and opportunity.

Chairman Ritter asked if there was a way to distinguish if an agency administered a grant that supplemented, instead of supplanted, services, it would not have its general fund removed. Mr. Wells said he believed it could be done for grants which have a "supplement versus supplant" disclaimer; or for an agency that can very clearly document they're augmenting additional populations and doing additional work with additional dollars, rather than serving populations they already serve.

Chairman Ritter said he liked that idea and asked how that could be done. Mr. Wells said either some kind of legislation would be required, or Section 7 language would need to be changed. He continued you could do it with the streamlined grant process IFC BDR, when you are going before them to ask if the program is approved for spending. He said you could add an item/provision to the work program that directs an agency to disclose if this is a supplement or supplant program and to discuss how it will augment, rather than supplant, services. Mr. Wells said if the IFC finds the supplement criteria has been satisfied, Section 7 could be waived.

Assemblyman Armstrong said he agreed with Mr. Wells' analysis. He said the streamlined BDR would be legislation and the Section 7 could be written by LCB staff when it writes the Appropriations Bill. Chairman Ritter asked Assemblyman Armstrong if he believed it could be done without legislation. Assemblyman Armstrong agreed. He said while it could go through as proposed legislation, he was not sure it would be perceived favorably by members of the Legislature.

Chairman Ritter said it sounded like there were several ways to fix this problem: either through IFC language and/or changing Section 7. He said he could see how it'd be done by IFC process: when it preapproves a grant request, it could also approve whether it's supplemental or supplanted services. If it gets approved as supplemental, it would receive a waiver from having general fund removed. It would then have to keep coming before the IFC each budget cycle to prove it is augmenting services.

Assemblyman Armstrong said he liked that idea, and he liked that an agency would need to appear before IFC each budget cycle, so as not to obligate future legislators. He said though, he did not know what the right answer would be.

Chairman Ritter said at a high-level, he generally sees grant work as supplemental to the budget and sees the work of the Council as generating supplemental income to the state coffers. Assemblyman Armstrong said he believes we could do better as a state at generating revenue. Chairman Ritter said he would like to improve this process to generate further revenue and said the Council should all do their research for the best way to accomplish this. He asked for this item to be placed on the next agenda. Assemblyman Armstrong recommended it be listed as a discussion item on the agenda since it may not have a definitive solution and will require either a legislative fix or work by LCB staff.

Mr. Wells said it was important for outcomes to be documented by each agency to prove what was stated was going to happen is actually occurring and that the populations that were supposed to be served are being served. He said as discussions move forward, expectations must be made of what is done with funding.

C. Discussion on Match Funding and Legislation Language (See attachment)

Ms. Lucido said the material on this item is from the previous meeting request. Chairman Ritter asked for clarification if it is prohibitive to those applying who

are only seeking match fund. Ms. Lucido said the language says it is ensuring an agency meets all other requirements of the grant and is only missing the match.

Assemblyman Armstrong asked if she is aware of any agencies who don't have problems with match. Ms. Lucido said it is a difficult question to answer, stating she believes some agencies have greater abilities through relationships with outside partners, but she could not think of any agencies that do not have any problems meeting match requirements.

Ms. Thomas Gibson said some have problems depending on what match is requested i.e. in-kind versus dollar-for-dollar. She said she believed cash match pervades every level of government and is a more universal problem.

Chairman Ritter said the language may be too limiting. He said from what the Council has heard, there are bigger problems than just cash match, and that a continual issue that has been brought up is inadequate staffing. He asked Mr. Wells how he believed the funds should be administered and how dollar-for-dollar and in-kind should be approached.

Mr. Wells said while some agencies are very good at documenting and obtaining in-kind match (for example, the Department of Wildlife can demonstrate a lot of volunteer hours), it really is the exception and most agencies will say even if in-kind is allowed, they will have a challenge meeting it. He said he believed both cash match and in-kind were an issue. He said some grants only allow cash and not in-kind and he agrees with Ms. Thomas Gibson about cash being a universal problem. Mr. Wells said on the first sentence of the document, there will at some point need to be some kind of prioritization. He said if it's just easier for you to come before and ask for cash because it's easier than documenting in-kind contributions, there needs to be something in place to prevent this.

Mr. Wells said as far as staffing is concerned, the third paragraph touches on it. He said there are administrative caps on most grants. Mr. Wells gave an example of the OHV Commission having a very structured, 5% administrative cap and said they are having a very difficult time finding money and resources to administer deliverables of grants. Mr. Wells said there should be some provision in the third paragraph giving the applicant the ability to ask for the staff they feel is adequate to deliver services.

Assemblyman Armstrong asked if this language, as worded, would prohibit the DOW in Mr. Wells' example from applying for staff since they had the in-kind

match. Mr. Wells said he interpreted it that way. Assemblyman Armstrong said it would need to be decided if that is the intent.

Chairman Ritter asked if the only way they should be able to apply is if they needed match, or, if they had the match, but needed staff, should they be allowed to apply for funds for staff only? He said if the goal is to have stronger success in grant application and management, does it matter to the Council if the money is being spent on match or to increase staffing to suit operational needs. Ms. Lucido said perhaps it is not a match fund, and that it can be named something different and the Council can put together language as to what they feel appropriate as to what is to come out of that fund. Chairman Ritter said he would like it to be as effective as possible and he has heard of problems of staffing and match. Assemblyman Armstrong said perhaps there should be two separate sections: one for match dollars and one for dollars for purposes of administration.

Ms. Thomas Gibson said when she read the language, she was very excited and said both were needed. She said perhaps the fund should be clarified further along the lines of being available to those who do not have the cash to meet the need. She said she believed it should encourage as much in-kind as possible and should ask applicants who apply to document as much in-kind as they can.

Discussion ensued about where to change wording. Mr. Wells proposed the language be changed to, *“funds may be provided to any state agency, on any grant application, in which a state agency can demonstrate the need for cash match or administrative costs as a prohibition to applying for grant funding.”* He said this language would allow for the demonstration of need for both match and staff. The Council agreed on this.

Assemblyman Armstrong said he believed there should be a cap on the application for administrative costs. Mr. Wells agreed with the cap and believed there should be language in it addressing limits since it was opened up to administrative costs. Chairman Ritter agreed that since they were opening it up, there may need to be more restrictive language capping it at administrative costs only.

Ms. Lucido said she was taking notes and will revise to present at the next meeting.

Ms. Thomas Gibson inquired about the dual-approval process and asked if there were compliance factors that necessitated this cumbersome process. She said

application deadlines were very tight, generally 4-6 weeks from application announcement until submission deadlines.

Chairman Ritter asked if there was a way to stream-line the process, or if a grant needs match, can it be a part of the IFC BDR? Ms. Lucido said this language resulted from the previous meeting in using the Restricted Contingency Fund. She said this was the process for accessing that money. Ms. Lucido said if it were to come from these funds, she would encourage an agency to apply stating they have the funds and continue with the application process. If IFC denied the applicant, she would advise the applicant to decline the award if it was granted from the federal agency. Chairman Ritter asked if this would hurt future applications if an award was declined. Ms. Lucido affirmed it could.

Ms. Thomas Gibson asked if there was a way to expedite the process because as an agency with already limited resources, she would be discouraged to put in the required effort as an applicant if there is a potential for denial. She would not want to put in the required time in the future for this process. She said the more risk that could be eliminated, the more applicants would be incentivized to utilize the fund.

Chairman Ritter asked if the 4-6 week process was when you found out about a Notice of Grant Award. Ms. Thomas Gibson clarified the application process was generally 4-6 weeks, but the award information could be anywhere from a few weeks up to several months.

Chairman Ritter asked if he understood the issue correctly: if the application was due 4-6 weeks after announcement and you applied for match funds using the dual-approval process and you don't get approved from IFC, you will have needed to utilize your resources to meet that deadline. If you get denied from the match funds you will have wasted your time. Ms. Thomas Gibson agreed.

Mr. Wells said to be clear, the IFC would never match the 4-6 week timeline. He said the BOE meets every month and requests to appear before BOE must be in five weeks in advance. He said to appear before IFC, items must be submitted 6-8 weeks in advance. Mr. Wells continued it can always be put on BOE. He said the dual-approval process offers the IFC and the Executive a chance to give input on how the funds are used. He said if you want to streamline the process, the Legislature will be required to speed up.

Chairman Ritter asked if the Council's intent is to make the grant process effective and streamlined, does this process really solve the problem or does it add to it? Chairman Ritter asked if it would make sense during the preapproval process if there is a match-fund component. He asked if agencies were going to want to put in the work if they are not sure they will get approved for the match funds and asked if there is a way in the 4-6 weeks to know if there is a way they can be approved.

Mr. Wells said it could be done through the process of the streamlined application process, but said there are two separate issues: 1) The delay. He said the IFC meets next week, items needed to have been in 6-8 weeks before that; they meet next in December. The preapproval BDR allows for the money to start being spent when an award is made by the federal government; 2) Approval. You could get approved for both the spending of the award and for the match-fund, or, you could be approved for one and not the other.

Mr. Wells said you could add the match component to the preapproval process, but reiterated if you are going to use the IFC Contingency Funds, you can apply for both approval to spend awarded funds and apply for match funds, but you still are dealing with the IFC timeline. He said the IFC has restricted limited authority in spending money. Mr. Wells said the outlined dual-process was the channel for dealing with Restricted Contingency Account. The only other way to spend contingent funds is a one-step process used for the salary-adjustment dollars. When salaries are budgeted, the amounts for the pay raise aren't built into the budgets. There is a pool of dollars granted to the BOE and agencies document they need monies for pay raises that weren't built into their budgets. Agencies can go before the BOE and receive the necessary funds. He said these were the only two mechanisms to access money during an interim period. Mr. Wells said he doesn't know the legislative appetite in designating funding on tight turn-around times, but something would need to be created since the processes he just described are the only ways to access funds.

Chairman Ritter said there seems to be a disconnect between IFC and the match fund and what is happening on the ground. He said the short time-frame is very difficult to deal with. He said the only thing he could see is an advanced blanket approval. For example, each agency could say in general what types of funding they would like to go after. They could submit a grant plan and appear before IFC. If they operated under the general framework approved by IFC it would greatly improve their odds they would be approved when they apply for match

funds and they could have more confidence in their application they will be able to receive the match funds.

Mr. Wells said while there are some automatic renewals, there are many funding opportunities that come out that you can't foresee when you are building a budget. He continued putting a blanket statement without a guarantee likely won't put the Legislature at ease.

Ms. Thomas Gibson asked if there are departments or agencies who have discussed needs before, or the type of grants they would like to pursue based upon shared needs. She said she thought this could be a way for grant planning.

Ms. Lucido said this is not a conversation that has occurred in the past, but the Grants Office is setting up meetings with Cabinet members to help them identify agency grant needs and to help them establish a grant plan aligned with their needs, mission and vision.

Chairman Ritter asked if there was a possibility of some process where agencies present a grants plan to policy makers based upon anticipated grant applications during its budget building process. He said it would not be approved for money, but could create more comfort and serve as thought to planning and a head's-up to policy makers on what areas they would like to try to pursue and an expected estimate of match funds required. Ms. Lucido said another possibility could be having legislators form a list of topics they are willing to fund when creating another bucket of money.

Chairman Ritter asked if directing an agency to create a grants plan for review during the budgetary process would be helpful. Mr. Wells said he didn't know if agencies would submit a specific grants plan, but they are required to submit mission and priorities. Mr. Wells said even if it were approved in the Governor's Recommended Budget, there would still be a competition for resources. Mr. Wells said he was still struggling with the marriage of tight timelines and going through the appropriations process.

Chairman Ritter asked if the plan could be an interim step. He said if the plan was approved by the same people or same subset of people who govern, although it would not grant an agency surety, it would at least provide an opportunity to receive comments from those who would sit on the bodies who make the decisions to approve applications. He said it could be a way to help everyone get on the same page. Mr. Wells said you could do that and have agencies put

together a grant plan, but you could run into the same risks as limited time and resources because it still would require work. Mr. Wells said the Legislature would want sufficient detail and the issue of the streamlined process still isn't solved.

Chairman Ritter said it's a pithy issue, but one that must be solved. He said he doesn't think it will be solved today, but the Council needs to work toward a solution of aligning tight application timeframes with the appropriations process. He said this need for efficiency is important to be competitive against other states. The research done by the Council has shown other states have a quick and simple process, like the Governor's Office in one state approving applications. Turn-around time was quick.

Clean-up language- Chairman Ritter moved on to NRS 232.223 regarding the Grants Office (see attachment). Ms. Lucido said the language was presented after conversation about the NRS directing the Grants Office to prioritize agencies. It was discussed that if the Grants Office was to prioritize, then the match fund should match that, or, if it was decided to not prioritize the match fund, the prioritization should be struck from NRS. Chairman Ritter asked if language prioritizing agencies should be changed regardless if the match fund language moved forward or not. Ms. Lucido said she would like to see it changed. She said she believes no agency is more important than another.

Chairman Ritter asked about removing the specification of the number of staff. He said he believed the Grants Office was a revenue generating agency and he recommended the Council advocate for the growth of the Grants Office. In order for the office to become more robust over time, as was the hope of the Council, he believed the number of staff should be removed. Ms. Lucido said a BDR may not be necessary because with the possible state budget constraints, it was likely a position in the Grants Office will be lost and there would only be two staff, aligning with statute.

Assemblyman Armstrong said he thought there should be a BDR to move forward with the listed changes, and he recommended putting in a change 232.224(1)(g) to say "apply" for or receive grants so coordination could begin before the award.

Assemblyman Armstrong made a motion to move forward with the language as proposed including the amended language we have in front of us, and the one change I requested as to adding the language "apply for" in NRS 232.224(1)(g). Ms. Thomas Gibson made a second. Motion passed unanimously.

D. *Discuss Annual Report*

Ms. Lucido walked the Council through the drafted annual report. She said item five, staffing, was up to the recommendation of the Council as it had discussed it at length, but was not one of its original items to address. She asked for recommendation on how to move forward with that. She asked for the Council to review the report with a fine-tooth comb and provide responses back to the Grants Office.

Chairman Ritter said unless someone wanted to review it at the moment, he would like for everyone to review before the next meeting and provide comments by November 16th. Ms. Lucido said if she had received comments by then, she could get those changes incorporated and back out to the Council by December 1.

Assemblyman Armstrong said although there haven't been lengthy conversations regarding staffing, with what is known about the budget, he believed it should be mentioned in the report there should be, at a minimum, no reduction to the State Grants Office and there should be no reduction in assistance to the state, including the Rurals and Southern Nevada. He said if they don't have a specific recommendation at the moment, that section should at least contain that statement.

Chairman Ritter said he wants to include a statement that the grants process is a revenue generator. He said some agencies are expenses, and some generate funding. He said he wasn't sure where this statement should go yet, perhaps in the conclusion or in the section on moving forward. He said he believed it shouldn't be stated in the major recommendations, but he noted the issue has arisen to the surface through surveys and public testimony and comments from Mr. Wells.

Assemblyman Armstrong said on page 5, a statewide grants presence was listed in Opportunities, and said he disagreed and believed staffing and maintaining the position in the Grants Office should be listed as a priority recommendation so the Governor's Office could see it is a priority. Chairman Ritter said it was a miscommunication. He believed the recommendation should be made about the Grants Office and said he was talking about statewide staffing when he advised not to list that as a recommendation the Council had been working on.

6. FOR POSSIBLE ACTION- FUTURE MEETING DATES AND AGENDA ITEMS

A. Update of match funds, dual-process of IFC, BOE;

- B. Discussion of Possible Legislative Fixes for Budget Disincentives (supplemental versus supplanting; adding to IFC BDR or Section 7 appropriations language; documentation and outcomes);
- C. Moving Forward Next Year;
- D. Exploring Survey Data Further;
- E. Finalizing Council Vision and Business Plan;
- F. Discussing Southern Nevada Presence;
- G. Annual Report

7. PUBLIC COMMENT-

Charisse Whitt from the Office of Criminal Justice Assistance and Daniele Dreitzer from the Rape Crisis Center in Las Vegas gave public comment.

8. FOR POSSIBLE ACTION- ADJOURNMENT

Meeting was adjourned at 3:37 p.m.

DRAFT