

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

MEETING ACTION MINUTES

DATE: April 13th, 2016

LOCATION: 401 S. Carson Street, Room 2135, Legislative Building, Carson City;
Grant Sawyer Building, Suite 4412E, Las Vegas

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>Jim Wells, Director, Governor's Finance Office</i>
<i>Assemblyman Derek Armstrong, Vice Chair</i>	<i>Connie Lucido, Chief, State Grants Office</i>
<i>Senator Pete Goicoechea</i>	
<i>Tim Burch, Director – Clark County Social Services</i>	

1. CALL TO ORDER -

A. Chairman Ritter called the meeting to order at 9:00 a.m.

2. ROLL CALL AND INTRODUCTION OF COUNCIL MEMBERS -

A. Ms. Lucido called roll and Mr. Ritter, Assemblyman Armstrong and Senator Goicoechea were present. Ms. Lucido stated a quorum was present. Mr. Burch arrived at 9:16 a.m.

3. PUBLIC COMMENT-

None.

4. FOR POSSIBLE ACTION- APPROVAL OF MINUTES OF PREVIOUS MEETING

A. Chairman Ritter stated discussion of the Council asking the Legislature for a pilot program for an amount of funding for match was not accurately reflected in the minutes.

- i. **Assemblyman Armstrong made a motion to notate in the minutes the Council is seeking to create a fund for matching dollars and may request that upon further discussion of what other states may do and what the federal numbers are.** Senator Goicoechea seconded. Motion was passed unanimously.

5. FOR POSSIBLE ACTION- DISCUSSION OF ITEMS TO BE PROPOSED TO LEGISLATURE

Chairman Ritter suggested focusing on four items during the upcoming meetings to drill down on the critical issues in order to give specific recommendations to the legislative and executive branches for 2017:

- i. Streamlining the IFC approval process;
- ii. Match Funding;
- iii. Creating a Grant Management System; and
- iv. Improving the budget process that discourages state agencies from applying for grant funding.

A. Ms. Lucido provided a summary of how ten states handle match requirements.

Ms. Lucido said the majority of states, with the exception of Oregon which passed a bond measure to take from the lottery earnings, allocate budget funding to their state agencies for match purposes, agencies will allocate funding in their budgets, or agencies will coordinate with non-profits and other third-party agencies to provide cash for match purposes.

Ms. Lucido stated finding match data was difficult to find in both other states and in Nevada. She stated the State Grant's Office reached out to all states, but only heard back from the ten states listed. She said determining match information for Nevada is difficult and is unable to advise of a hard dollar amount. She stated the Governor's Finance Office (GFO) is working on getting the number from the agencies directly.

Mr. Wells stated the GFO, as a part of their budget instructions to agencies, are requiring match numbers, with the match, the type, and how much it is with their budget requests by September 1st, so it's unlikely there will be numbers until then. Chairman Ritter asked if the grant management software would capture data on match numbers. Ms. Lucido informed him it would. Chairman Ritter asked how other states compare to Nevada, and asked how Nevada ranked nationally in terms of match funding. He continued it would be good information to have for

next meeting and stated we should emulate best practices with those most comparable to our state (population and economy). He requested we look at other western states that are doing well and compare them to Nevada. He additionally wondered if this analysis had ever been done, and if so, asked if we could get their data. Chairman Ritter also wanted to find out what other payment sources were used by other states. He stated he will look at the private sector for data concerning this. He next asked what “other resources” meant and how did the match get paid for in the budget? He wanted to know how Utah compared to Nevada and stated we don’t do anticipation of grant funds/matching in a budget building process. Ms. Lucido stated she would look into those questions and explained that “other resources” pertains to the allocation of the agencies general fund for the match in a grant. Mr. Wells further explained that it really depends on who is answering questions about the match process. For example, in Medicaid, the GFO knows about match requirements and will include it in the budget process. He stated the GFO is in the process of refining the system to better track match amounts. Mr. Wells explained a lot of match used in state agencies are in-kind, or employee and/or non-profit volunteer hours.

Mr. Wells stated going back to the original question Chairman Ritter had, the rate of return for Nevada ranks us in the mid 30’s in the U.S. in relation to money in/money out. This is a definite improvement over the past 10 years. He stated Nevada paid less money and received more money. However, there are caveats as to how valuable state comparison information is:

- v. Mandatory programs, like Medicaid, are paid by the federal government based on how many people utilize the program;
- vi. Transportation/Education are predicated on formulas on things for miles, number of kids, etc.;
- vii. Salaries for federal workers; and
- viii. Discretionary Funds.

Mr. Wells concluded taking those measures into account, examining return on investment data is not an accurate measurement on where we stand as a state compared to others. He said looking at discretionary funding across states would give a more accurate picture, but also said the available data on these funds is not readily available.

Assemblyman Armstrong asked about third party matching. Mr. Wells replied Medicaid, philanthropic and in-kind volunteer hours from non-profits are what is typically seen. Mr. Armstrong asked if the match has been the largest hurdle and

wanted to know what would be useful information from other states. Mr. Wells replied he believed tracking data on discretionary funding opportunities, on whether a state agency applied, and more importantly, why they chose not to apply, would be beneficial.

Chairman Ritter asked if Nevada moved from 49th up to the mid 30's solely because of Medicaid expansion, and Mr. Wells stated we did. Chairman Ritter said in the future, when looking at and comparing to other states, discretionary funding should be the focus. Mr. Wells agreed but stated it would be very difficult. Senator Goicoechea asked if Mr. Wells was aware of any opportunities we lost because of match. Mr. Wells said he was not aware of any specifically that we lost because of match, but stated it was more likely a state agency would decide not apply for the grant. Senator Goicoechea stated he thought it would be very important to get a fund set up for match dollars so the state would not continue to lose out on funding opportunities. He said he would like to set-up a mechanism that would allow for a sum of money that is usable, but not too large, and said it also sounded like getting the correct number would be hard to come up with based on the lack of definitive information available.

Mr. Wells stated he was concerned making it too easy for an agency to obtain match funding. He said they currently ask agencies to be creative when coming up with ways to pay for in-kind match and that if we make it too easy for them, they will no longer be creative. Assemblyman Armstrong asked if agencies face reduced budgets if they receive grants. Mr. Wells explained Section 7 states that if you receive federal money to pay for a program, then the agency has to return the money to general fund. Assemblyman Armstrong stated that is definitely a deterrent then. Ms. Lucido then stated there has been some difficulty verifying Section 7 with the state agencies, and she believes it addresses supplanting, which she can't imagine an agency doing. Chairman Ritter discussed having equal access to money for the match for a limited time that goes out to all agencies and there be some type of reward for those agencies finding creative ways to come up with other way to fund match.

Mr. Burch stated unspent administrative funds offset costs and might be a way to be a "penalty" for getting grants. Mr. Burch said there may be misunderstandings from department heads on spending grant funds and suggested looking at unspent funds and categories to dispel this notion and used the VOCA administration dollars as an example.

Senator Goicoechea recommended we educate legislators because right now when the finance committees see grant money coming into agencies, they cut the budget, believing those state funds are being taken care of by federal funding. Mr. Goicoechea stated there should be a change to this frame of mind and the grant should be seen as additional money used to help balance the budget, not cut it. Assemblyman Armstrong agreed. Chairman Ritter then asked Mr. Burch if the agencies are nervous because of supplanting and budget cuts, and Mr. Burch said, whether perceived or accurate, he believed some department heads may think like this and would rather use their existing staff on already existing programs, rather than spend time tracking and submitting grant reporting requirements. Chairman Ritter summarized it sounded like if staff spend a portion of their time on a grant, then it will look like that agency will need less money, so their budget will be cut.

Senator Goicoechea stated currently, multi-year grants will definitely be looked at by legislators and will result in budget cuts. Chairman Ritter stated legislative changes, as well education and culture, is intertwined and hard data is needed to change it. Senator Goicoechea agreed and stated we need information on match as far as whether or not the match is a deterrent for applying for grants.

Mr. Wells stated another reason for not applying for a grant is the costs of funding a new program in perpetuity. He continued many agencies are nervous to invest in programs that may or may not be funded after several years. The agencies are then left to wonder if they will need to commit their own budget after the grant runs out, or if the program will end after all of the energy is expended.

Assemblyman Armstrong disagrees and stated the legislature asks about that issue. It was suggested the Council develop match data; look at current grants and talk to directors of large agencies. Ms. Lucido stated it was up to the agencies to apply, and said the State Grants Office will review previous grants that were not applied for and determine if match was an issue. She stated she would also develop a survey to send to agencies to help determine what the main reasons were for not applying for grants. Chairman Ritter defined the next steps to take:

- i. For match funding, look at states that perform better than Nevada on average focusing on discretionary grants and look at best practices.
- ii. Quantify methods – how much does Nevada lose in funding due to match (as well as other reasons) and build a case to help the legislature understand the need.
- iii. Develop a pilot program that will demonstrate how match funds will bring in greater revenue to the state.

Mr. Wells also stressed the importance of looking at opportunities agencies aren't even applying for, and finding out all of the reasons why. Assemblyman Armstrong agreed he believed it would be helpful if the State Grants Office developed a survey, compiled the data (internal survey/other states), and asked the legislature for information from an internal audit.

Assemblyman Armstrong made a motion to gather information by: *1) asking the State Grants Office to survey agencies and departments about why they don't apply for grants *2) asking the State Grants Office to do an internal survey relating the same questions, and possibly looking to other states and 3) ask the Legislative Counsel Bureau those same questions through an internal audit. Senator Goicoechea seconded the motion, but said the request would need to come from either himself or Assemblyman Armstrong. Motion passed unanimously.

*Ms. Lucido stated she would send out an external survey and would additionally review internal records from grant applications the State Grants Office had information on.

- B. Ms. Lucido stated the Request for Information (RFI) posted and the Technology Investment Request (TIR) will be approved shortly. The state will use the information received from the RFI to develop the Request for Proposal (RFP). There is a current effort in place to replace the Enterprise system and they are looking at integrating the grant management into the Enterprise Resource Planning (ERP) process. However, she recommends keeping them separate. Chairman Ritter wanted to know what the chances are of getting funding for the project. Mr. Wells said the RFI was simply used to get information from vendors and no contract was awarded from that part of the process. The information would be used along with the TIR to determine what the priorities are going to be for the state when reviewing TIRs.

Assemblyman Armstrong stated the urgency of the Council to communicate the importance of this TIR, and said it is imperative the State Grant Management System remain a stand-alone element. Mr. Wells explained the timeline and noted it's going to take a while for anything to happen with the TIR, with the earliest possible funding date being July 1st, 2017. Ms. Lucido stated she would have an update on comments from the RFI at the next meeting. Council members discussed how important the system is in bringing data and increased revenue to Nevada.

C. Ms. Lucido stated work on the three pronged approach was already occurring. Ms. Lucido stated regarding the *45 day grant awards*, the GFO is currently allowing state agencies to draft work programs as soon as they receive a notice of award funding with the expectation they will receive the actual official notice of grant award (NOGA) funding. The GFO is forwarding to the IFC as soon as they receive these. If the NOGA is not received three weeks before the IFC, the item is pulled.

Renewals and Continuations- the GFO is exploring exemptions to allow grants consistently funded every year to be carried over in work programs, or as part of their budget.

Bill Draft Request (BDR) Ms. Lucido said she was working with the Governor's Finance Office (GFO) to draft a BDR that changes current IFC procedures so an agency can submit a work program at the time of application submittal to receive a provisional approval from the IFC. Ms. Lucido said once the grant award was made, the only thing required is the GFO to approve the work program thus allowing the grant program to begin as soon as it is awarded. Mr. Wells explained this change to the current process needs to be approved by the Legislature, and voiced the concern of what happens if the approved grant budget is different from the amount that was preliminarily approved by IFC. Ms. Lucido explained budgets usually do not vary much from what is requested, and if they do, it's usually less than the requested amount, so this should not be an issue. Discussion also centered on whether it is necessary to add language if the intent of the application, or if the budget was changed from 10-20% occurred, it would not be necessary to receive re-approval from the IFC. Mr. Wells stated he likes the recommendation submitted by Ms. Lucido. Senator Goicoechea agreed with Mr. Wells and suggested with this suggested process, when the application and work program are sent to the IFC, the Legislature could determine match funding at that time. This would be a great way to let IFC control the match fund account. There was a discussion on the process of completing this request and submitting it as a BDR, and Ms. Lucido explained she should know by May if her request was approved by the Governor's Office to move forward as a policy BDR and would have it to GFO by June 1st. There was then a discussion about if the governor does not include this request on his list of BDRs, then Senator Goicoechea would request a fellow legislator to submit the BDR instead and felt rather certain he would be successful in getting this done. Chairman Ritter then asked about multi-year grants that require sustainability by the state after the grant is completed and how the legislature addresses the agency's budget to continue with the program.

Mr. Wells explained it is more of an agency issue and said it does not have an impact on the IFC process since this request is only changing when the IFC approves grant funding, not the type of grants being reviewed. There was also verification by Senator Goicoechea nothing will take effect until July 1, 2017. Chairman Ritter suggested we provide the legislature with data showing the return on investment matching funds will provide and help the state overall. He reiterated how much better this process will be so agencies know sooner whether or not IFC will approve grants funds so it will eliminate them getting a “black eye” by having to return funds after they are already awarded because IFC denied the funding. He then asked Ms. Lucido if she would know the status of the request by next meeting, and she stated she would.

- D. Chairman Ritter explained the example provided was not really what he was looking for when asking for a strategic vision. He explained he was looking more for how this Council will impact the state overall in five years and where exactly we want to see the state in five years. For example, how will having a match fund account, making changes to the IFC process, and developing a grant management system impact the state and show results of these changes. If we can take a step toward these changes starting in 2017, then the state can expect to generate “X” amount of money in return in the future. Chairman Ritter explained he was asking the State Grants Office to develop a document explaining why and where Nevada should be. This should be a strategic plan for the Council to take up on behalf of the state. Senator Goicoechea agreed and stated it all starts with educating the legislators. Ms. Lucido requested clarification on Chairman Ritter’s explanation of a strategic plan. Chairman Ritter stated it was a business case to show how these changes are going to improve money for grants and build a case for where we would like to see what the state looks like in five years in regards to grants and increased revenue. Chairman Ritter continued he would like to bring it before the 2017, 2019, 2021 legislative sessions and ask for increased funding. Mr. Burch agreed and stated these changes are going to require data collection in order to support them. He stated if the barriers in applying to grants were discovered, the role of the Council would be to help remove these. Mr. Burch also stated he believed it would be important to examine preventing and identifying hand-backs, so funds are not given back to the federal government. Ms. Lucido stated an updated strategic plan would be provided at the next meeting. **Mr. Burch motioned the Grants Office would look at establishing outcomes based on the removal of barriers discussed thus far as a Council as a foundation for a business case for competitiveness for the State of Nevada over the next two, four and six year cycles. Senator Goicoechea seconded the motion.** The motion passed unanimously.

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

- A. Discuss further match funds and data received from surveys and internal audit;
- B. Budget Disincentives;
- C. Update on strategic plan, in looking as a business case for the State;
- D. Update on request for IFC change;
- E. Update on RFP and TIR for grant management system;
- F. Review how grants are handled statewide and explore the need of grant support in Las Vegas.
- G. **Assemblyman Armstrong made a motion the next meeting would occur on June 8th, 2016, between 1-4 pm. Mr. Burch seconded.** Motion passed unanimously. A future meeting date of June 8th, 2016 at 1:00 p.m. was scheduled.

7. PUBLIC COMMENT-

None.

8. FOR POSSIBLE ACTION- ADJOURNMENT

Meeting was adjourned at 11:20 a.m.