

# 31<sup>st</sup> SPECIAL SESSION APPROPRIATIONS REDUCTIONS/ACTIONS

2019-21 Biennium



Fiscal Analysis Division  
Legislative Counsel Bureau

**December 2020**

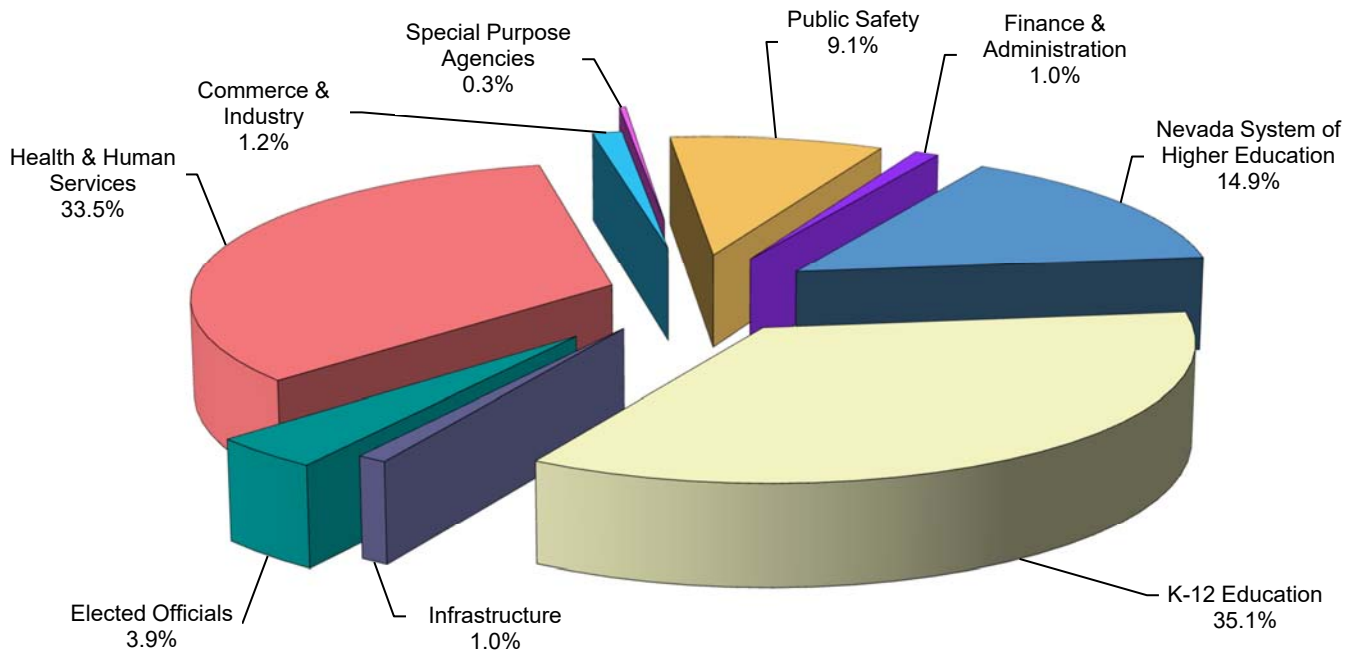
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# NEVADA GENERAL FUND APPROPRIATIONS

## LEGISLATURE APPROVED - 2019-21 BIENNIUM

### ADJUSTED FOR ACTIONS APPROVED IN A.B. 3 – 31<sup>ST</sup> SPECIAL SESSION



#### LEGISLATURE APPROVED APPROPRIATIONS 2019-21 BIENNIUM ADJUSTED FOR ACTIONS APPROVED IN ASSEMBLY BILL 3 OF THE 31<sup>ST</sup> SPECIAL SESSION <sup>e</sup>.

	FY 2020	FY 2021 <sup>e</sup> .	TOTAL	% of TOTAL
Elected Officials <sup>a, c</sup> .	\$ 170,088,174	\$ 154,208,332	\$ 324,296,506	3.9%
Finance & Administration	\$ 43,427,345	\$ 41,328,512	\$ 84,755,857	1.0%
Education:				
Kindergarten to 12th Grade	\$ 1,547,557,437	\$ 1,386,410,060	\$ 2,933,967,497	35.1%
Nevada System of Higher Education	\$ 684,707,608	\$ 557,029,638	\$ 1,241,737,246	14.9%
Subtotal Education	\$ 2,232,265,045	\$ 1,943,439,698	\$ 4,175,704,743	50.0%
Commerce & Industry	\$ 58,052,339	\$ 46,991,770	\$ 105,044,109	1.2%
Health & Human Services <sup>c, d</sup> .	\$ 1,428,541,671	\$ 1,369,441,543	\$ 2,797,983,214	33.5%
Public Safety	\$ 381,994,612	\$ 376,136,124	\$ 758,130,736	9.1%
Infrastructure	\$ 42,703,587	\$ 39,485,354	\$ 82,188,941	1.0%
Special Purpose Agencies <sup>b, d</sup> .	\$ 11,736,209	\$ 10,347,884	\$ 22,084,093	0.3%
<b>Total</b>	<b>\$ 4,368,808,982</b>	<b>\$ 3,981,379,217</b>	<b>\$ 8,350,188,199</b>	<b>100.0%</b>

- a. The Elected Officials function for Legislature Approved Appropriations 2019-21 includes \$3,683,816 pursuant to A.B. 542, Section 4, \$31,876,927 pursuant to A.B. 542, Section 5, \$25,505,447 pursuant to A.B. 542, Section 7, and \$77,308 pursuant to A.B. 542, Section 13 appropriated to the Board of Examiners for salary adjustment allocations.
- b. The 2019 Legislature approved operating appropriations totaling \$2,548,927 included in the Special Purpose Agencies function for two new agencies, Department of Indigent Defense Services and Department of Sentencing Policy.
- c. The 2019 Legislature approved moving the Commission for Persons Who are Deaf and Hard of Hearing from the Elected Officials function to the Health and Human Services function.
- d. The 2019 Legislature approved moving the State Public Defender from the Health and Human Services function to the Special Purpose Agencies function.
- e. Includes reductions of \$525,715,677 in FY 2021 approved during the 31<sup>st</sup> Special Session.

## **CARES ACT FUNDING**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748 of the 116<sup>th</sup> Congress of the United States) was signed into law on March 27, 2020, and was the fourth relief bill in response to the COVID-19 pandemic. In total, the CARES Act included more than \$2.0 trillion to assist individuals, corporations, states and local governments in responding to, and preventing the spread of COVID-19. The CARES Act contains six titles, which include:

- Title I - Keeping American Workers Paid and Employed Act
- Title II - Assistance for American Workers, Families and Businesses
- Title III - Supporting America's Health Care System in the Fight Against the Coronavirus
- Title IV - Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy
- Title V - Coronavirus Relief Funds
- Title VI - Miscellaneous Provisions

During the 31<sup>st</sup> Special Session, a portion of the funding specifically provided for in Title V – Coronavirus Relief Funds was addressed, and as such will be the only Title from the CARES Act discussed in this section of the document. Of the more than \$2.0 trillion provided for in the CARES Act, \$150.0 billion was allocated to the Coronavirus Relief Fund for expenditures incurred due to the public health emergency with respect to COVID-19. The Coronavirus Relief Fund provided a small-state minimum of \$1.25 billion, of which Nevada qualified for based on the state's population. The Coronavirus Relief Fund also indicated that local governments with a population of at least 500,000 may request a direct payment from the treasury secretary, which would reduce the state's allotment. Accordingly, of the \$1.25 billion allocated to Nevada, \$836.1 million was allocated to the state after Clark County received a direct payment of \$295.0 million, and the City of Las Vegas received \$118.9 million. Of the \$836.1 million provided to the state, \$148.6 million was allocated to counties and incorporated cities with populations less than 500,000, leaving the state with \$687.5 million for direct spending. The \$836.1 million state share was deposited into a non-executive budget (CARES Act 2020 - 101-1327) as reviewed by the Interim Finance Committee (IFC) at its May 13, 2020, meeting. According to the CARES Act, these funds must be used to pay for eligible expenditures incurred from March 1, 2020, to December 30, 2020.

During the 31<sup>st</sup> Special Session, six budgets, identified in the table on the following page, received CARES Act funding through Assembly Bill (A.B.) 3 to fund allowable COVID-19 response expenditures, which had the effect of substituting state General Fund appropriations previously appropriated by the 2019 Legislature, as part of the state's strategy to address the projected General Fund shortfall in FY 2021:

State Agencies/Justification	Budgeted General Fund	Federal CARES ACT Funds Substituted	A.B. 3 Section References
<b>Department of Health and Human Services</b> Division of Welfare and Supportive Services Field Services Division - for personnel costs of certain workers.	\$13,985,573	\$13,985,573	Sec. 109
Division of Public and Behavioral Health So. NV Adult Mental Health - for support of the Mobile Outreach Safety Team.  No. NV Adult Mental Health - for support of the Mobile Outreach Safety Team.  Biostatistics and Epidemiology - for personnel costs of certain workers.	\$780,972	\$780,972	Sec. 110
	\$427,386	\$427,386	Sec. 111
	\$27,368	\$27,368	Sec. 112
<b>Department of Education</b> Office of the Superintendent - for personnel costs of certain workers.  Standards and Instructional Support - for personnel costs of certain workers.	\$300,000	\$300,000	Sec. 116
	\$85,787	\$85,787	Sec. 117

In addition to substituting certain qualified expenses, as noted above, Section 117.5 of A.B. 3 allocated \$50.0 million from the CARES Act 2020 budget to the Account for Programs for Innovation and the Prevention of Remediation. These funds were approved to establish a grant program for school districts and charter schools to develop the capability of providing alternative intensive instruction to mitigate deficits in educational attainment, as a result of the loss of in-person intensive instruction.

No further allocations were made during the 31<sup>st</sup> Special Session from the CARES Act 2020 budget; however, the funds will continue to be used to reimburse state agencies in FY 2021 for allowable uses. State agencies were directed by the Director of the Governor’s Finance Office, in All Agency Memorandum #2020-12 sent out June 19, 2020, to identify potential costs that could be reimbursed using the remaining funds in the CARES Act 2020 budget.

If additional federal funds become available to mitigate the budget reductions made during the 31<sup>st</sup> Special Session for FY 2021, Section 131.6 of A.B. 3 of the 31<sup>st</sup> Special Session provides a list of priorities that should be restored, including:

1. New Nevada Education Funding Plan (\$70.0 million)
2. Read by Grade Three (\$31.4 million)
3. Elimination of unpaid furlough leave (estimated \$25.9 million)

If additional federal funds exceed the estimated \$127.3 million needed to restore the three priorities noted on the previous page, A.B. 3 provides that the federal funds could be used for the disbursement of any other budgetary reductions included in A.B. 3 or for any other purpose authorized by law.

## **Overview of Fiscal Year 2020 General Fund Budget Reduction Actions**

In approving the Fiscal Year 2020 operating budget, the 2019 Legislature approved General Fund revenues totaling \$4.446 billion in support of \$4.369 billion in General Fund operating appropriations and \$38.9 million in one-time appropriations, or \$4.408 billion in combined operating and one-time expenditures. To address a projected \$629.6 million decline in FY 2020 unrestricted General Fund revenues and total Distributive School Account (DSA) and guaranteed local K-12 revenues from the reduction in economic activity resulting from the public health and emergency response-oriented directives implemented in Nevada (and many other states) to mitigate the COVID-19 pandemic, the Governor's Finance Office proposed various actions to reduce expenditures, including those related to capital improvement projects and the transfer of reserve funds.

In total, \$640.4 million in General Fund reductions and transfers to the General Fund were approved to increase the projected General Fund ending fund balance for FY 2020. These actions included:

- Approval of the transfer of the entire \$401.2 million Account to Stabilize the Operation of the State Government (Rainy Day Account) balance to the General Fund for unrestricted use. This transfer was authorized on May 18, 2020, by resolution by the IFC following the declarations of fiscal emergency made by the Governor on May 10, 2020, and the IFC at its May 13, 2020, meeting. Subsequently, the Board of Examiners recommended the transfer from the Rainy Day Account to the General Fund on May 14, 2020, pursuant to NRS 353.288(6), in the amount of \$401.2 million, which brought the transfer back before the IFC for approval.
- Approval of reductions to FY 2020 General Fund supported operating and one-time expenditures in agencies' legislatively approved budgets by \$65.4 million and \$21.6 million, respectively (June 25, 2020, IFC meeting).
- Approval of the cancellation of the University of Nevada, Las Vegas, School of Medicine capital improvement project (17-C15) and the reversion of the \$25.0 million General Fund appropriation provided through Senate Bill 553 (June 25, 2020, IFC meeting).
- Increase to the amount of projected, unrestricted General Fund reversions from agency budgets by \$15.0 million, to \$65.0 million.
- Approved transferring to the General Fund certain unbudgeted amounts totaling \$20.3 million.
- Addition of \$37.9 million in CARES Act reimbursements in agencies' budgets to fund allowable COVID-19 related expenditures.

## Elected Officials

For the Elected Officials budgetary functional area, the 2019 Legislature approved General Fund appropriations totaling \$169.2 million for FY 2021. Through A.B. 3 of the 31<sup>st</sup> Special Session, the Legislature approved \$15.1 million in reductions to General Fund appropriations, 8.9 percent, to \$154.1 million. Notable reductions included:

### OFFICE OF THE GOVERNOR

#### Governor's Finance Office

##### ***Special Appropriations***

The Special Appropriations budget in the Governor's Finance Office (GFO) is used to pass through legislatively approved General Fund appropriations to other governmental entities and not-for-profit organizations.

The 31<sup>st</sup> Session of the Legislature approved the Governor's recommendation to reduce General Fund appropriations by \$735,000 for the Graduate Medical Education program; \$100,000 for the Holocaust Education program; and \$542,343 for the Lou Ruvo Center for Brain Health, resulting in total reductions of \$1.4 million in FY 2021.

##### ***Division of Internal Audits***

The Division of Internal Audits consists of the Internal Audits, Financial Management, and Compliance sections. The division reports to the Executive Branch Audit Committee, which includes the Governor (chair), the Lieutenant Governor, Secretary of State, State Treasurer, State Controller, Attorney General, and a general public representative. As recommended by the Governor, the Legislature approved maintaining three Executive Branch Auditor positions vacant through FY 2021, resulting in General Fund reductions of \$509,458.

### ATTORNEY GENERAL

The Office of the Attorney General (OAG) serves as legal advisor to nearly all state agencies, boards and commissions, and assists the county district attorneys throughout the state.

During the 31<sup>st</sup> Special Session, the Legislature approved the Governor's recommendation to reduce operating expenditures in several OAG budgets by a combined \$405,227. The reductions are related to travel, training, expert witness, information technology, equipment purchases and vacancy savings. The Legislature also approved the Governor's recommendation to transfer \$12.4 million from the OAG's Settlement Fund to the General Fund for unrestricted use.



# Finance and Administration

## DEPARTMENT OF ADMINISTRATION

### State Public Works Division

#### ***Capital Improvement Program Project Revisions***

At its June 25, 2020, meeting, the IFC approved two actions resulting in General Fund savings as part of budgetary reduction actions. First, CIP project 17-M01, Deferred Maintenance, Nevada System of Higher Education was reduced in scope, resulting in a transfer to the General Fund of \$1.3 million. Additionally, the Committee approved the cancellation of CIP Project 17-C15, Complete Planning and Begin Construction of New Medical School Building, UNLV, resulting in a transfer to the General Fund of \$25.0 million. Fiscal staff would note that the Board of Regents had approved an alternative funding plan at its January 30, 2020, meeting to allow a nonprofit to fund and manage the planning and construction of a building for the UNLV School of Medicine.

During the 31<sup>st</sup> Special Session, the Legislature approved Senate Bill (S.B.) 1, which included numerous revisions to the funding of certain projects of capital improvement approved by the 2017 and 2019 Legislatures, resulting in the reversion of \$72.6 million in General Fund appropriations as a result of the revisions through the following.

Senate Bill 1 revises the amount of general obligation bonds that were allocated to certain projects of capital improvement, by reducing authority for 14 projects that had, or are projected to result in, savings following completion of the projects; for five projects as a result of scope reductions; and for four projects as a result of project cancellations. These actions allowed for the repurposing of \$39.0 million in general obligation bonds, resulting in a General Fund reduction of an equal amount, or \$39.0 million, by offsetting General Fund appropriations with the repurposed bond funds.

Additionally, S.B. 1, through the required action to reserve General Fund appropriations for reversion, also canceled five projects resulting in \$23.2 million and reduced the scope of six projects resulting in \$10.5 million in combined reversions to the General Fund.

Senate Bill 1 resulted in the reduction of scope and cancellation of the following approved CIP Projects:

#### Scope Reduction - Defer Construction

- 17-M70, Exterior Renovation, Nevada State Capitol and Annex Building;
- 19-M14, Construct Water Wells and Water Systems, Various Fish Hatchery Sites;
- 19-M20, Replace Flooring, Caliente Youth Center, Multi-Purpose Building;
- 19-M30, Central Plant Renovation, Attorney General's Office Building;
- 19-M53, Park Facilities Maintenance and ADA Upgrades, Fort Churchill State Park;
- 19-S01, Statewide Roofing Program; and
- 19-S05, Statewide Paving Program.

### Scope Reduction - Limit Planning

- 19-P01, Advance Planning: Grant Sawyer Office Building Renovation;
- 19-P08, Advance Planning: Heavy Equipment Shop and Renovation, Elko;
- 19-P70, Planning, Great Basin College Welding Lab Expansion; and
- 19-P71, Planning, Western Nevada College Marlette Hall Refurbishment.

### Project Cancellations

- 17-M66, Plumbing Fixture Water Control Renovations, Housing Units 1 through 4 at Southern Desert Correctional Center;
- 19-C16, Renovation of Collections Storage Building 19, Stewart Campus;
- 19-C30, Construction of a UNLV College of Engineering, Academic and Research Building;
- 19-M24, Replace Surveillance System, Casa Grande Transitional Housing;
- 19-M25, Install Panic Alarm System, Dini-Townsend Hospital;
- 19-M27, Pavilion Renovation, Northern Nevada Veterans Memorial Cemetery;
- 19-M36, Visitors Center Renovations, Valley of Fire State Park;
- 19-M48 Install Recreation Yard Fencing, Southern Desert Correctional Center and High Desert State Prison; and
- 19-M50, Replace Comfort Stations, Valley of Fire State Park.

### Compensation and Benefit Changes Approved by 31<sup>st</sup> Special Session

As part of the solution to address the projected FY 2021 budget shortfall, the 31<sup>st</sup> Special Session passed and the Governor approved the following changes as part of Assembly Bill 3:

#### Increase to Employee Annual Leave Balances

As established in NRS 284.350, Executive Branch employees can carry forward from one calendar year to the next, a maximum of 30 working days, or 240 hours of earned but not utilized annual leave. Under existing law, employees forfeit any hours in excess of 240 on January 1 of the next calendar year unless on or before October 15 of the present year the employee requests to take annual leave and the request is denied in writing, in which case the employee is entitled to receive payment no later than January 31 of the succeeding year for any hours (for which usage was denied) in excess of 240.

Based upon the Executive Branch's projection that several thousand employees could exceed 240 hours of annual leave on December 31, 2020, due to the inability to take leave to respond to the COVID-19 pandemic, and the effort involved in preparing both agency and the Governor's budget request for the 2021-23 biennium, the Legislature approved this recommendation from the Executive Branch as a temporary strategy to avoid the cost of paying out employee's annual leave balances in excess of 240 hours in January of 2021, and, potentially in January 2022. Section 123.5 of A.B. 3 increased the maximum balance of hours able to be carried forward by 10 working days or 80 hours, to 40 working days or 320 hours. However, Section 135, subsection 4 of A.B. 3 limited the length of time the ability to carry forward an annual leave balance by setting an expiration of January 31, 2022.

### Public Employees' Benefits Program – One-Month State Contribution Holiday

For FY 2021, Senate Bill 550 of the 2019 Legislature established the state's monthly contribution provided towards the monthly cost of each enrolled active employees and state retiree's group health insurance at \$783.30 per month and \$478.15 per month, respectively. As a cost saving measure projected to generate \$12.0 million in FY 2021, General Fund reductions, Section 131.1 of A.B. 3, reduced the number of monthly contributions in FY 2021 to 11. In doing so, the 31<sup>st</sup> Special Session held employees and retirees harmless in not having to pay an additional monthly premium to account for the difference the Public Employees' Benefits Program (PEBP) would otherwise collect in revenue in FY 2021. No adverse impact on the PEBP was projected as the PEBP Board had approved cost saving measures for FY 2021 of approximately \$25.5 million to account for the one-month contribution holiday and the reduced General Fund (\$12.0 million) and other revenues (\$13.5 million).

### Furlough Leave Requirement

For FY 2021, the Governor proposed requiring state employees take 12 days of unpaid furlough leave, which was projected to generate \$51.7 million in General Fund savings. However, the 31<sup>st</sup> Special Session of the Legislature did not concur and instead approved a requirement of 48 hours (six days) of unpaid furlough leave subject to several provisions. The six days of furlough were projected to generate \$25.9 million in additional transfers to the General Fund.

As passed and approved in A.B. 3, Sections 131.2 through 131.4 established the requirement, conditions and process by which full-time state employees are required to take, or to be exempted from taking, 48 hours of unpaid furlough leave between January 1, 2021, and June 30, 2021. Additionally, part-time state employees are also required to take unpaid furlough leave in the amount of the average number of hours worked per working day multiplied by six. Consistent with unpaid furlough leave requirements approved by previous Nevada Legislatures:

- Employees deemed to be exempt from furlough leave were required to have their salary reduced by 4.6 percent for the portion of the period beginning January 1, 2021, and ending on June 30, 2021.
- Employees leave accruals, health insurance, and retirement credit calculations were held harmless in that employees are considered to have worked each day of furlough taken.

Finally, in response to the possibility of additional qualifying federal aid being made available to the states, the Legislature established a priority order for the restoration of approved FY 2021 budget reductions. Section 131.6 of A.B. 3 included the elimination of the unpaid furlough leave requirement as the third of five priorities.

### Merit Pay Suspension in FY 2021

As a General Fund cost saving measure for FY 2021, the Governor recommended that merit pay increases for classified employee be frozen/suspended effective July 1, 2020. This was projected to generate \$14.3 million in General Fund savings. However, the Legislature did not agree with this proposal and did not include it in A.B. 3.

## Education

Through the passage of Assembly Bill (A.B.) 3 from the 31<sup>st</sup> Special Session, the Legislature approved total reductions of \$130.7 million in FY 2021 for the Nevada Department of Education's (NDE) K-12 and administration budgets (net of federal CARES Act funding also approved in A.B. 3). General Fund reductions approved through A.B. 3 for the department and K-12 education for FY 2021 totaled \$159.9 million, reducing budgeted General Funds from \$1.55 billion approved by the 2019 Legislature to \$1.39 billion. While not exhaustive, the following narrative details the major funding reductions, by budget, approved for the NDE during the 31<sup>st</sup> Special Session.

### **DEPARTMENT OF EDUCATION (K-12 BUDGETS)**

#### ***Distributive School Account***

Supporting Nevada's public elementary and secondary schools is a shared responsibility with state, local, and federal sources contributing to school district and charter school operating funds. The Distributive School Account (DSA) budget does not include the entire funding for K-12 Education, but rather, includes only the state's portion of the school district and charter school operating funds that provide the basic support guarantee and other state-supported programs.

During the 31<sup>st</sup> Special Session, the Legislature concurred with the Governor's recommendation to maintain the funding levels approved for the Nevada Plan funding formula during the 2019 Legislative Session and reflected in the K-12 Education Funding Bill (Senate Bill 555). However, due to projected decreases in the Local School Support (sales) Tax and various DSA revenue sources that are guaranteed by the state under the Nevada Plan funding formula, the Governor's Finance Office (GFO) projected during the special session the DSA would require additional state funding of \$172.2 million in FY 2020 and \$318.7 million in FY 2021. The GFO indicated these projected shortfalls would be addressed by transferring General Fund appropriations from FY 2021 to FY 2020 and requesting a supplemental General Fund appropriation of \$490.9 million for the DSA in FY 2021.

As recommended by the Governor, during the 31<sup>st</sup> Special Session the Legislature approved a General Fund reduction of \$18.1 million for the Class-Size Reduction (CSR) program in FY 2021. The NDE estimated CSR program savings would total \$12.0 million in FY 2020 and \$6.1 million in FY 2021, with the FY 2020 savings balanced forward and available in FY 2021. These estimated savings are largely related to supplemental CSR program funding, which was included in the legislatively approved budget through the inclusion of charter school students in the funding calculation of the CSR program despite charter schools not being eligible for CSR program funding. In prior fiscal years, the supplemental CSR program funding was provided to underperforming schools with approved class-size reduction variances.

### ***New Nevada Education Funding Plan***

The New Nevada Education Funding Plan provides school district schools and charter schools (not designated as Zoom or Victory Schools) with an additional \$1,200 per eligible student in each fiscal year to improve the academic performance of underperforming students. The 31<sup>st</sup> Special Session of the Legislature approved the Governor's recommendation to eliminate all funding for the program in FY 2021, resulting in General Fund reductions totaling \$71.8 million (inclusive of a \$1.9 million carry forward of unexpended funding from FY 2020) and the elimination of legislatively-approved interest earnings of \$22,044 in FY 2021.

### ***Other State Education Programs***

The Other State Education Programs budget provides grant funding to school districts, charter schools and other organizations for various programs. The Legislature modified the Governor's recommendation to reduce FY 2021 General Fund appropriations by \$45.7 million for this budget and instead, approved reductions totaling \$49.4 million. The following identifies the specific programs and the approved budget reduction amounts:

- Education Leadership - \$300,000
- Jobs for Americas Graduates - \$588,230
- Special Elementary Counseling - \$850,000
- Career and Technical Education - \$1.0 million
- Adult High School Diploma - \$1.2 million
- College and Career Readiness Incentives - \$1.3 million
- Underperforming Schools Turnaround - \$2.5 million
- College and Career Readiness - \$5.0 million
- Gifted and Talented Education - \$5.2 million
- Read by Grade 3 - \$31.4 million

Pursuant to Section 131.6. of A.B. 3, should new federal funding be made available that could be used to offset state revenue shortfalls in Fiscal Year 2021, or should Nevada receive other additional revenue as a result of the enactment of a state law that reduces the amount of the deductions subtracted from the gross yield of a mining operation to determine the amount of the net proceeds of the mining operation that are taxable, A.B. 3 identifies the first two priorities for the restoration of budget reductions as the New Nevada Education Funding Plan and the Read by Grade Three program, as money permits.

### ***Professional Development Programs***

The Professional Development Programs budget provides funding to the Regional Professional Development Programs (RPDPs) to provide professional development programs to educators. During the 31<sup>st</sup> Special Session, the Legislature approved the Governor's recommendation to reduce funding for the RPDPs by \$327,696 and revert interest earnings of \$94,591 from the Great Teaching and Leading Fund to the General Fund in FY 2021.

### **School Remediation Trust Fund**

The Account for Programs for Innovation and the Prevention of Remediation (*Nevada Revised Statutes* [NRS] 387.1247), also known as the School Remediation Trust Fund, was created by the 2005 Legislature to support improvement plans developed by schools and school districts to improve the achievement of students.

The Legislature, during the 31<sup>st</sup> Special Session, approved reductions totaling \$11.8 million for this budget. The specific programs and the approved budget reduction amounts follow:

- A.B. 309 (2019) Block Grant - \$150,740
- Zoom and English Learner Grant - \$501,775
- S.B. 551 (2019) Block Grant - \$1.1 million
- NV Ready 21 Technology Grant - \$1.5 million
- Victory Schools Grant - \$1.8 million
- Treasurer's Interest Earnings - \$1.8 million
- Teacher Incentives - \$5.0 million

Additionally, pursuant to A.B. 3, Section 117.5 of the 31<sup>st</sup> Special Session, \$50.0 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding shall be transferred from the state's CARES Act 2020 budget to this budget for distribution to school districts and charter schools. The purpose of this funding is to support alternative intensive instruction for students identified as having deficits in educational attainment as a result of the loss of in-person instruction. The CARES Act funding must be expended by December 30, 2020, and is not authorized for administrative expenditures of the NDE.

### **School Safety**

The School Safety budget supports various school safety initiatives to enhance the physical safety and emotional well-being of K-12 students. The Legislature, during the 31<sup>st</sup> Special Session, approved the Governor's recommendation for General Fund reductions totaling approximately \$13.4 million in FY 2021 related to the following school safety items:

- \$8.4 million reduction to the one-time funding provided for the School Facility Enhancements program.
- \$2.4 million reduction to the statewide social, emotional and academic development strategic plan for public schools.
- \$2.0 million reduction to the School Resource/Police Officer program.
- \$720,000 reduction to the Social Worker or Other Mental Health Worker program, also known as the Social Workers in Schools program.

The Legislature also approved the Governor's recommendation to revert \$876,020 from the School Safety budget to the General Fund, which was the projected remaining funding from the one-time General Fund appropriation of \$7.5 million that was approved for the School Facility Enhancements program in S.B. 555 of the 2019 Legislative Session.

### ***Teach Nevada Scholarship Program***

The Teach Nevada Scholarship program was created pursuant to NRS 391A.575 to encourage students to enter the teaching profession and to address the long-term plan for recruiting future teachers in the state. During the 31<sup>st</sup> Special Session, the Legislature did not approve the Governor's recommendation to reduce the General Fund appropriation for the Teach Nevada Scholarship Program by \$1.8 million in FY 2021, to maintain funding for new and existing scholarship recipients.

### ***Teachers' School Supplies Assistance Account***

The Teachers' School Supplies Assistance Account, created pursuant to NRS 387.1253, provides up to \$250 annually to teachers in school districts and charter schools as reimbursement for out-of-pocket expenses for school supplies. During the 31<sup>st</sup> Special Session, the Legislature approved the Governor's recommendation to eliminate the legislatively approved funding of \$4.5 million for the Teachers' School Supplies Assistance program in FY 2021. The Legislature also approved the Governor's recommendation to revert \$1,000 from the Teachers' School Supplies Assistance budget to the General Fund, which was the projected interest earnings remaining in this budget in FY 2021.

### ***Incentives for Licensed Educational Personnel***

The 31<sup>st</sup> Special Session of the Legislature approved a General Fund reduction of \$600,000 in FY 2021, as recommended by the Governor. This budget funds the estimated outstanding liability for the 1/5 Retirement Credit Purchase program. The 23<sup>rd</sup> Special Session, through the passage of A.B. 1, repealed the statutory language of NRS 391.165, which required the purchase of retirement credits for teachers in at-risk schools, psychologists, and teachers in the fields of mathematics, science, special education and English as a second language. However, A.B. 1 provided an option for those employees participating in the program prior to July 1, 2007, to continue the purchase of retirement credits until they have received an additional one full year of retirement credit.

### ***Instruction in Financial Literacy***

The Account for Instruction in Financial Literacy, established by NRS 388.895, provides funding for instruction in financial literacy for pupils in grades 3 through 12 enrolled in public schools. During the 31<sup>st</sup> Special Session, the Legislature did not approve the Governor's recommendation to eliminate the General Fund appropriation of \$750,000 in FY 2021 for subgrants to Clark County School District (\$500,000), Washoe County School District (\$150,000), and all other school districts and charter schools (\$100,000), to allow for the continued instruction of financial literacy programs.

### ***Computer Education and Technology Program***

The Account for Computer Education and Technology, created by NRS 391.369, provides funding for educator training in computer literacy and computer science. The Legislature approved the Governor's recommendation to revert \$100,000 from the Computer Education and Technology Program budget to the General Fund. This funding was provided by a General Fund appropriation in S.B. 313 of the 2019 Legislative Session to

reimburse individuals who receive an endorsement to teach computer literacy and computer science and for the Board of Regents to apply for a grant to develop curriculum and standards required to educate and train students studying to become teachers in such fields.

### ***Bullying Prevention Account***

The Bullying Prevention Account, established by NRS 388.1325, provides grants to school districts for the establishment of programs to create a school environment that is free from bullying and cyber bullying. During the 31<sup>st</sup> Special Session, the Governor recommended and the Legislature approved eliminating the General Fund appropriation of \$45,000 in FY 2021 for the Bullying Prevention Account.

## **DEPARTMENT OF EDUCATION (ADMINISTRATION BUDGETS)**

### ***Office of the Superintendent***

The Office of the Superintendent is responsible for the administration of the provisions of law relating to the jurisdiction, duties and functions of the three divisions of the department, which include Business and Support Services, Educator Effectiveness and Family Engagement, and Student Achievement. The Legislature approved the Governor's recommendation to fund a portion of the personnel costs for the Superintendent of Public Instruction and three Deputy Superintendent positions with federal Elementary and Secondary School Emergency Relief (ESSER) grant funds, resulting in General Fund reductions of \$300,000 in FY 2021.

### ***Assessments and Accountability***

The Assessments and Accountability budget includes funding for the costs of administering various student assessments. As recommended by the Governor, during the 31<sup>st</sup> Special Session the Legislature approved a General Fund reduction of \$1.0 million in FY 2021 by eliminating the high school End-of-Course (EOC) exams, which were used to measure student performance in math and English Language Arts (ELA). These EOC exams were not required by the state and a February 2019 study regarding the streamlining of Nevada's K-12 assessments suggested the NDE consider eliminating EOC exams.

### ***Office of Early Learning and Development***

The Office of Early Learning and Development manages and administers programs for at-risk children who are ready for kindergarten and programs focused on improving access and quality of early childhood programs throughout the state. The NDE indicated during the special session that it planned to utilize federal Governor's Emergency Education Relief (GEER) grant funds to backfill the approved budget reductions for the state pre-K program.



## **NEVADA SYSTEM OF HIGHER EDUCATION (NSHE)**

### ***Summary of Legislatively Approved Budget Reductions***

The IFC at its June 25, 2020, meeting approved FY 2020 reductions to General Fund supported expenditures for the Nevada System of Higher Education (NSHE) totaling \$28.4 million and included a combination of vacancy savings and holding positions vacant through a hiring freeze, reducing operating and travel expenditures, eliminating or reducing one time expenditures, and a reduction in CIP Project 17-M01, Deferred Maintenance. Of the total, the approved FY 2020 reductions include \$12.7 million in salary adjustment funds that were appropriated to the State Board of Examiners for allocation to NSHE dependent upon demonstration of need. To offset a portion of the total General Fund reductions, revenue was supplemented with \$6.3 million in transfers from non-state supported accounts.

During the 31<sup>st</sup> Special Session, the Legislature approved generally proportionate across-the-board reductions of \$137.8 million, or 19.8 percent, to the NSHE state-supported budgets in FY 2021. Reductions included holding positions vacant, reductions in operating expenditures, and revenue transfers from non-state supported budgets. The Board of Regents and institutions will determine the specific academic or non-academic areas in which expenditure reductions will be made. Fiscal staff notes the Legislature approved a \$3.3 million General Fund reduction in the 2017 UNR Engineering Building Debt Service budget; however, the reduction was offset by a transfer from the Bond Interest and Redemption Account and does not represent a programmatic impact to NSHE.

The following table summarizes the original legislatively approved General Fund appropriations, the reductions approved during the 31<sup>st</sup> Special Session, and the net FY 2021 General Fund appropriation for the System.

FY 2021 Legislatively Approved Total General Fund Reductions Compared to Appropriations (Inclusive of Performance and Capacity Enhancement Funding)				
Institution	FY 2021 Legislatively Approved General Fund Appropriation	FY 2021 Legislatively Approved Reductions	FY 2021 Net General Fund Appropriation	% Decrease
UNLV	\$181,632,636	\$ 35,702,163	\$145,930,473	19.7%
UNR	\$131,048,475	\$ 25,759,218	\$105,289,257	19.7%
CSN	\$109,024,754	\$ 20,330,030	\$ 88,694,724	18.6%
GBC	\$ 13,974,209	\$ 2,746,805	\$ 11,227,404	19.7%
TMCC	\$ 38,294,670	\$ 7,477,295	\$ 30,817,375	19.5%
WNC	\$ 14,914,956	\$ 2,931,720	\$ 11,983,236	19.7%
NSC	\$ 21,718,947	\$ 4,269,131	\$ 17,449,816	19.7%
<b>Formula Accounts SUBTOTAL</b>	<b>\$ 510,608,647</b>	<b>\$ 99,216,362</b>	<b>\$ 411,392,285</b>	<b>19.4%</b>
Medical (UNR)	\$ 37,632,115	\$ 7,397,064	\$ 30,235,051	19.7%
Medical (UNLV)	\$ 41,464,109	\$ 8,150,288	\$ 33,313,821	19.7%
Law	\$ 10,456,418	\$ 2,055,340	\$ 8,401,078	19.7%
Dental	\$ 9,806,394	\$ 1,927,570	\$ 7,878,824	19.7%
DRI	\$ 8,666,365	\$ 1,703,484	\$ 6,962,881	19.7%
<b>Professional School SUBTOTAL</b>	<b>\$108,025,401</b>	<b>\$ 21,233,746</b>	<b>\$ 86,791,655</b>	<b>19.7%</b>
<b>Non-Formula Accounts SUBTOTAL</b>	<b>\$ 76,221,413</b>	<b>\$ 17,375,715</b>	<b>\$ 58,845,698</b>	<b>22.8%</b>
<b>NSHE TOTAL</b>	<b>\$694,855,461</b>	<b>\$137,825,823</b>	<b>\$557,029,638</b>	<b>19.8%</b>

The System received a total of \$103.0 million in additional revenue to offset a large proportion of General Fund reductions within state-supported budgets, detailed below. Revenue sources include \$60.2 million in operating reserve and unrealized gains distributions, \$30.0 million in CARES Act institutional relief funding, \$10.1 million in student surcharge revenue, and \$2.7 million in transfers from non-state supported budgets. Accounting for these revenue offsets, the net FY 2021 impact to state-supported budgets is \$34.8 million (5.0 percent).

To offset \$60.2 million of the total General Fund reductions approved by the Legislature, the Board of Regents has approved the following. In June 2020, The Board of Regents approved a one-time \$50.0 million distribution from an invested operating reserve account, of which \$35.2 million is intended to offset General Fund reductions. The System indicated the remaining \$14.8 million would be used to help address other COVID-19 related budgetary shortfalls outside of the state supported budgets (e.g., decreases in anticipated revenues and/or increased costs as a result of the pandemic). At its special meeting on August 21, 2020, the Board of Regents approved an additional \$79.4 million distribution to campuses through the liquidation of unrealized gains from its long-term investment accounts. A portion of this liquidation would be used to offset \$25.0 million of legislatively approved General Fund reductions, while the remaining funds would be distributed to campuses based on the proportion of holdings within the investment account.

The System was directly awarded \$60.0 million in CARES Act funding broken into two parts pursuant to the federal funding requirements: \$30.0 million to offset General Fund reductions in its state-supported operating budgets and \$30.0 million for student aid. The Board of Regents additionally approved a temporary student per-credit surcharge as part of their budget reduction proposal for most instructional institutions (\$6/\$8 for university undergraduate/graduate, \$5 for state college, and \$3 for community college). The surcharge revenue is projected to total \$10.1 million in FY 2021, and was approved to offset a portion of the approved General Fund reductions.

The table below summarizes the budget reduction related impacts to NSHE state-supported budgets. Fiscal staff would note these figures do not include lost revenue and increased expenditures due to COVID-19 (estimated by the agency at approximately \$120.9 million), CARES Act funds for student aid, or potential furlough savings.

<b>NSHE Budget Reduction Components</b>	
FY 2021 Legislatively Approved Reserves	\$ (137,825,823)
<b>Additional Resources</b>	
CARES Act Institutional Relief Funding	\$ 29,972,379
Student Surcharge Revenue	\$ 10,142,811
Transfers from other NSHE Budgets	\$ 2,667,034
Distribution from Operating Reserves	\$ 35,198,092
Distribution from Unrealized Gains	\$ 25,000,000
† Additional revenue offsets some, but not all, of the General Fund reserved by NSHE	

## COMMERCE AND INDUSTRY

### GAMING CONTROL BOARD

The regulation of Nevada's gaming industry is conducted through a tiered system comprised of the Nevada Gaming Control Board (NGCB), the Nevada Gaming Commission and the Gaming Policy Committee.

The 31<sup>st</sup> Session of the Legislature concurred with the Governor's recommendation to reduce General Fund appropriations for the NGCB and Gaming Commission by a combined total of \$2.2 million in FY 2021, related to vacancy savings and reductions in travel, operating and training expenses.

The 2019 Legislature approved General Fund appropriations of \$7.2 million for Phase 4 of the Alpha Migration Project to modernize the NGCB's IT system. As recommended by the Governor, the Legislature approved a General Fund reduction of \$3.9 million in FY 2021 for this project. According to the NGCB, the budget reduction will delay completion of the project beyond the anticipated target date of FY 2023.

# HEALTH AND HUMAN SERVICES

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

For Fiscal Year (FY) 2021, the 2019 Legislature approved General Fund operating appropriations totaling \$1.55 billion. Through A.B. 3, the 31<sup>st</sup> Special Session approved General Fund reductions totaling \$179.0 million or 11.6 percent, thereby reducing FY 2021 operating appropriations to \$1.37 billion. Significant reductions are discussed below.

### Health and Human Services Director's Office

#### ***Operating Budget Reductions***

Of the nine budgets assigned to the DHHS Director's Office, the Governor proposed a General Fund reduction to only one budget. The remaining departmental budget reductions were proposed through its five divisions.

#### ***Family Planning***

Pursuant to NRS 442.725, the Account for Family Planning is authorized to award grants of money to local governmental entities and nonprofit organizations to provide family planning services, or to pay for family planning services, which are provided by a state agency. As recommended by the Governor, the IFC approved FY 2020 reductions of \$270,808 for this budget at its June 25, 2020, meeting. For FY 2021, the Governor recommended General Fund reductions of \$1.5 million (half of the \$3.0 million appropriated during the 2019 Legislative Session) to this budget. However, the Legislature did not approve this reduction during the 31<sup>st</sup> Special Session, instead retaining the entire FY 2021 appropriation approved by the 2019 Legislature.

### Transfer to the General Fund

#### ***Fund for a Healthy Nevada***

The Fund for a Healthy Nevada (FHN), established by NRS 439.620, is funded by 60 percent of the annual monies received by Nevada pursuant to the Tobacco Master Settlement Agreement (MSA) of 1998, after an allocation to the Attorney General's Office and the Department of Taxation for enforcement and compliance costs. The remaining 40 percent from the MSA supports the Governor Guinn Millennium Scholarship Program. Monies deposited into the FHN may be used for activities that generally promote public health, or for any purpose authorized by the Legislature.

During the 31<sup>st</sup> Special Session, the Legislature approved the Governor's recommendation to transfer \$16.9 million of the FHN to the General Fund. This transfer is projected to reduce the FY 2021 ending fund balance from \$37.3 million to \$20.4 million, with no reductions to expenditures supported by the FHN in FY 2021. The transfer of these funds will likely result in a reduction of available funding in the 2021-23 biennium for programs currently supported by the FHN.

## **Aging and Disability Services Division**

The 31st Special Session of the Legislature approved FY 2021 General Fund reductions of \$19.1 million for the Aging and Disability Services Division (ADSD), which is \$11.1 million less than the reductions of \$30.2 million recommended by the Governor. The approved FY 2021 savings reduce General Fund appropriations by 9.5 percent compared to the amount approved by the 2019 Legislature for ADSD, from \$202.3 million to \$183.1 million. Additional federal funds of approximately \$3.7 million are anticipated to partially offset the General Fund reductions.

### ***Services for Children***

For the Early Intervention Services budget, the Legislature approved the Governor's recommendation to hold 33 positions vacant, for General Fund savings of \$1.8 million in FY 2021.

The Legislature also approved the Governor's recommendation to cap the Autism Treatment Assistance Program (ATAP) services caseload at 928 per month, a reduction of 5.8 percent compared to the legislatively approved monthly average caseload of 985 children, for General Fund savings of \$5.7 million in FY 2021.

### ***Home and Community-Based Services***

The Legislature approved holding 62 positions vacant in the Home and Community-Based Services budget, for General Fund savings of \$2.9 million in FY 2021, as opposed to 66 positions included in the Governor's recommendation (\$3.2 million General Fund savings).

The Legislature did not approve the Governor's recommendation to cap the caseloads for the Community Service Options Program for the Elderly (COPE) and Personal Assistance Services (PAS) programs, which provide services to older persons and persons with physical disabilities to help maintain their independent living and avoid institutionalization. The recommendation would have eliminated \$263,960 and \$414,709 in General Fund appropriations for the COPE and PAS programs in FY 2021, respectively. Instead, the 31<sup>st</sup> Special Session of the Legislature maintained funding to support the COPE and PAS program caseloads as approved by the 2019 Legislature.

### ***Developmental Services (Regional Centers)***

The Legislature also approved holding 20 positions vacant at the three regional centers that provide support services for individuals with intellectual and/or developmental disabilities, for General Fund savings of \$1.4 million in FY 2021, as opposed to 40 positions included in the Governor's recommendation, which would have reduced General Fund appropriations by \$2.9 million.

The Legislature did not approve the Governor's recommendations to reduce funding for other developmental services in FY 2021, including General Fund appropriations of \$247,418 for the Family Preservation Program, which provides aid to low income families caring for a relative with a disability; \$527,400 for aid provided to families for respite care services; and \$3.9 million for the Jobs & Day Training and Supported Living Arrangement

(SLA) programs. Instead, the Legislature maintained General Fund appropriations to continue funding these programs as approved by the 2019 Legislature.

Additionally, the Legislature did not approve the Governor's recommendation for General Fund savings of \$2.9 million by deferring a \$1 per hour rate increase for the SLA service providers from \$22 to \$23 per hour, and instead maintained the rate increase beginning in FY 2021 as approved by the 2019 Legislature.

### ***Other Items***

The Legislature approved the closure of the Desert Regional Center (DRC) Henderson office (which had an expiring lease), elimination of a planned DRC office expansion and deferred maintenance paving, and reduction in travel costs associated with staff training in Home and Community-Based Services, as recommended by the Governor, for General Fund savings of \$510,676 in FY 2021.

Additionally, the Legislature approved General Fund reductions totaling \$2.8 million in FY 2021 for the three regional centers and Home and Community-Based Services, due to a temporary 6.2 percentage point increase in the standard Federal Medical Assistance Percentage (FMAP) rate estimated from July 2020 to September 2020, pursuant to the Families First Coronavirus Response Act. Lastly, the Legislature approved a General Fund reduction of \$4.0 million for the DRC, due to a prior year Medicaid cost settlement that is anticipated to be received in FY 2021. A corresponding increase in federal funds is anticipated to offset the associated General Fund reductions.

### **FY 2020 Approved Budget Reductions**

In addition to the budget reductions approved by the Legislature during the 31<sup>st</sup> Special Session, the IFC, at its June 25, 2020, meeting, approved total General Fund transfers of \$8.5 million (net budget reductions of \$5.3 million, including additional federal funds of \$3.2 million) for FY 2020, as submitted by the Governor.

The reductions include \$4.9 million, due to the actual number of children who received ATAP services being less than the budgeted caseload in FY 2020; \$414,584, due to the PAS and COPE caseloads being capped at the April 2020 levels of 118 and 95 individuals, respectively, through the last quarter of FY 2020; and General Fund reductions (and a corresponding increase in federal funds) totaling \$3.2 million in the regional centers and Home and Community-Based Services budgets, due to a temporary increase in the FMAP rate estimated from January 2020 to June 2020, pursuant to the Families First Coronavirus Response Act.

### **Division of Health Care Financing and Policy**

The 31<sup>st</sup> Special Session of the Legislature approved FY 2021 General Fund reductions of \$136.1 million for the Division of Health Care Financing and Policy, representing a 14.4 percent decrease from General Funds of \$942.7 million approved by the 2019 Legislature. Approved reductions include \$134.0 million in the Medicaid budget, 1.2 million in the Check Up Program budget, and \$960,142 in the Administration budget. As General Funds in these budgets serves as match to federal Title XIX and Title XXI funds, it is anticipated that the approved reductions will result in associated federal funding decreases.

With regard to the Medicaid budget, revised FY 2021 General Fund appropriations are based on approved budget reductions, updated caseload and cost projections based on June 2020 actuals, \$5.2 million in projected savings associated with dental services due to lower than anticipated service utilization, and the utilization of a projected FY 2021 surplus of approximately \$46.5 million. The utilization of the projected FY 2021 surplus and dental services savings allowed for the restoration of budget reductions recommended by the Governor.

### ***Federal Medical Assistance Percentage (FMAP) Rate***

The Families First Coronavirus Response Act (FFCRA, Public Law 116-127) authorizes a temporary 6.2 percentage point increase in the standard FMAP rate for quarters in which a public health emergency is in effect during the pandemic, as declared by the federal government. The increased FMAP rate is estimated to provide additional federal funding of approximately \$30.0 million per quarter. During the 31<sup>st</sup> Special Session, the public health emergency was scheduled to expire on July 25, 2020. Recognizing the possibility that the public health emergency could be extended, thus extending the time increased FMAP funding would be available to the state, in approving Assembly Bill 3, the Legislature authorized the agency to accept additional federal funding without requiring an offsetting decrease in General Funds (Sections 56.5 and 118.5). This would allow the agency to restore a portion of the approved budget reductions, or support other costs, such as increased caseload or utilization, following approval by the IFC of associated work programs.

### ***Provider Rate Reductions***

The Legislature approved a portion of the Governor's recommendations to reduce reimbursement rates paid to Medicaid and Check Up providers effective August 15, 2020. Approved rate reductions include a 6 percent overall reduction to fee schedule rates (\$53.0 million General Fund reductions) and the reversal of two provider rate increases approved by the 2019 Legislature, including a 2.5 percent reduction for acute care hospital rates, approved by the 2019 Legislature through Senate Bill 528 (Section 7; \$5.5 million General Fund reductions), and a 25.0 percent reduction for Neonatal Intensive Care Unit hospital service rates (\$5.2 million General Fund reductions).

The Legislature did not approve the Governor's recommendation to reduce two other rate increases approved by the 2019 Legislature, including Pediatric Intensive Care Unit hospital services rates by 15 percent (\$514,119 General Fund reductions) and Personal Care Services rates by 3.3 percent (\$1.2 million General Fund reductions).



### ***Service Reductions and Eliminations***

***The Governor recommended to eliminate a number of services that are considered optional under federal law and to limit physical therapy services to a maximum of 12 visits,*** for General Fund reductions of \$49.0 million in FY 2021. Recommended optional service eliminations included certain dental services, biofeedback and neurotherapy, optometry, prosthetics, behavioral health case management, psychosocial rehabilitation services, private duty nursing services, other in-home services while a participant is receiving hospice, basic skills therapy, occupational therapy, podiatry, bariatric surgery, chiropractic, and supportive housing services.

During the 31<sup>st</sup> Special Session, it was discussed that the FFCRA imposes requirements on states to receive the temporary increase in the FMAP rate, and testimony by the agency indicated the recommended service reductions and eliminations would likely prohibit the state from receiving the temporary increase, based on guidance provided by the federal Centers for Medicare and Medicaid Services. Considering this, the Legislature did not approve the recommended optional service reductions and eliminations.

### ***Other Cost Saving Measures***

The Legislature approved other cost saving measures recommended by the Governor, for FY 2021 General Fund savings totaling \$25.1 million, including delaying certain payments to managed care organizations to FY 2022 (\$22.5 million in General Fund reductions), aligning provider reimbursement rates for Day and Residential Habilitation Services due to federal CMS requirements (\$261,651 General Fund reduction), increased federal financial participation for Medicaid Management Information System costs (\$960,142 General Fund reduction), and allowing the division's pharmacy benefits manager vendor to operate a specialty pharmacy network, thereby decreasing the cost of certain high-cost specialty drugs (General Fund reductions of \$2.3 million). The agency indicates this proposal would require the approval of a federal Section 1915(b) waiver, which allows states to waive federal statutory requirements regarding freedom of choice of providers, as well as a State Plan Amendment to implement.

### **Division of Public and Behavioral Health**

The Division of Public and Behavioral Health (DPBH) is broadly dedicated to improving the health and wellness of Nevadans. The division has 27 budgets devoted to public health matters, enforcement of laws and regulations pertaining to public health, prevention of disease, injury, and disability and behavioral health care, including access to mental health and substance abuse and prevention treatment services.

Net of interagency transfers, the 2019 Legislature approved \$723.4 million in total funding for the DPBH for the 2019-21 biennium, with approved General Funds of \$310.0 million. Additionally, the 2019 Legislature approved a total of \$1.5 million in one-shot appropriations in context of Assembly Bill 520 for the DPBH. To adjust the budget for the DPBH, at its June 25, 2020, meeting, the IFC approved General Fund operating budget reductions of approximately \$1.9 million and reductions in one-time appropriations of \$742,400 for FY 2020. During the 31<sup>st</sup> Special Session the Legislature approved General Fund operating budget reductions of approximately \$3.0 million, transfers to the General Fund of \$2.3 million and a reduction to one-time appropriations of \$112,000 for FY 2021.

Of the approved \$3.0 million in operating budget reductions for FY 2021, approximately \$1.2 million in General Fund expenditure reductions were achieved through the use of CARES Act funds in lieu of General Funds to fund the Mobile Outreach Safety Team (MOST) program from July through December of FY 2021. The majority of the remaining approximately \$1.8 million in General Fund reductions for FY 2021 were achieved through vacancy savings derived from keeping positions vacant and reductions in operating expenses.

Overall, actions taken during the 31<sup>st</sup> Special Session did not eliminate or significantly reduce any direct services or programs of the division. Some of the held vacancies and budget reductions may, however, result in longer wait times for services and a reduction of services provided by subcontractors in some areas.

## **Public Health**

### ***Healthcare Facilities Regulation***

General Fund support for eight inspection positions was reduced by \$204,286 by the IFC at its June 25, 2020, meeting, for FY 2020. During the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$212,835 for FY 2021 for the same eight inspection positions. The reductions were based on time and effort studies resulting in increased support from fee-based program revenue for these positions. The agency also identified reductions in temporary staffing and community outreach and education activities to reduce fee-funded expenditures, and accordingly no impact in services are anticipated as a result of this change.

### ***Health Care Facilities Administrative Penalty***

During the 31<sup>st</sup> Special Session, the Legislature approved the transfer of \$100,000 in administrative sanction revenue to the General Fund.

### ***Biostatistics and Epidemiology***

At its June 25, 2020, meeting, the IFC approved General Fund based expenditure reductions of \$68,861 in FY 2020, and during the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$27,368 in FY 2021. The reductions are the result of two positions being partially funded with federal COVID-19 related grant awards in FY 2020 and FY 2021.

### ***Chronic Disease***

At its June 25, 2020, meeting, the IFC approved General Fund based expenditure reductions of \$356,029 for FY 2020, based on unobligated program funds and deferring the hiring of a vacant position to FY 2021. The unobligated program funds relate to the Women's Health Connection program (\$129,763) and the tobacco prevention program (\$222,011).

During the 31<sup>st</sup> Special Session, the Legislature approved the reallocation of funding support for one position from General Funds to federal funds, which resulted in General Fund reductions of \$18,029 for FY 2021.

### ***Office of Health Administration***

At its June 25, 2020, meeting, the IFC approved General Fund based expenditure reductions of \$95,722 in FY 2020 and during the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$218,817 in FY 2021. The reductions are the result of the division maintaining one existing position vacancy until January 2021, and three position vacancies throughout FY 2020 and FY 2021.

### ***Community Health Services***

During the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$110,722 for FY 2021 as a result of holding two Community Health Nurse positions vacant until January 2021 and July 2021, respectively. In addition, it approved the elimination of one-shot appropriations for the purchase of a new Electronic Medical Record System for a General Fund reduction of \$112,000 in FY 2021.

## **Behavioral Health**

### ***Behavioral Health Administration***

The IFC approved General Fund reductions of \$30,954 in FY 2020 at its June 25, 2020, meeting as a result of the division deferring the start date for a vacant Accounting Assistant position to July 1, 2021. The Legislature approved General Fund reductions of \$49,158 in FY 2021 during the 31<sup>st</sup> Legislative Session as a result of the same measure.

### ***Problem Gambling***

During the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$823,541 for FY 2021. The reductions are the result of the division reducing subawards granted to treatment providers.

### ***Alcohol Tax Program***

During the 31<sup>st</sup> Special Session, the Legislature approved the transfer of \$500,000 in alcohol taxes collected for the Alcohol Tax Program into the General Fund.

### ***Behavioral Health Prevention and Treatment***

The IFC approved General Fund reductions of \$234,910 in FY 2020 at its June 25, 2020, meeting. The savings are the result of the division reducing aid to governmental units mainly related to substance abuse prevention and treatment, and from deferring the start date of a vacant position beyond the fiscal year.

During the 31<sup>st</sup> Special Session, the Legislature approved a transfer to the General Fund of approximately \$1.7 million in Johnson and Johnson settlement funds transferred-in from the Office of the Attorney General. This funding was previously approved by the IFC to address vaping product consumption.

### **Rural Clinics**

At its June 25, 2020, meeting, the IFC approved expenditure reductions of \$343,505 in FY 2020, of which \$220,307 were the result of the division holding seven unfilled positions vacant for the remainder of the fiscal year. The remaining reductions concerned discretionary purchases, training and travel, and contract reductions with medical and other service providers.

During the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$40,993 for FY 2021 resulting from cuts to discretionary expenses and training.

### **Northern Nevada Adult Mental Health Services (NNAMHS)**

During the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$553,683 for FY 2021 resulting from funding the MOST program with CARES Act funds in lieu of General Funds from July through December 2020, and by holding two Administrative Assistant positions vacant.

### **Southern Nevada Adult Mental Health Services (SNAMHS)**

During the 31<sup>st</sup> Special Session, the Legislature approved General Fund reductions of \$957,597 in FY 2021 resulting from funding the MOST program with CARES Act funds, and by holding three maintenance positions vacant.

### **Division of Welfare and Supportive Services**

The Division of Welfare and Supportive Services (DWSS) is responsible for administering the delivery of cash grants and food stamps, enforcing child support, administering employment and training programs for welfare recipients, distributing child care funding, and determining eligibility for Nevada's Medicaid program.

***During the 31<sup>st</sup> Special Session, as recommended by the Governor, the Legislature approved General Fund reductions to the DWSS budgets of \$15.7 million in FY 2021. While the Legislature did not approve any position eliminations or layoffs, several DWSS positions were approved to remain vacant through the end of FY 2021.***

### **Welfare Administration**

The Welfare Administration budget funds the expenses associated with ensuring public assistance programs are administered in accordance with federal and state regulations.

The Legislature approved expenditure reductions for the Welfare Administration budget totaling \$1.8 million in FY 2021, resulting in General Fund reductions of \$575,996, a reduction of \$1.2 million in federal revenues, and a reduction of \$27,557 in Universal Energy Charge revenues. Approved reductions include position vacancies (\$1.5 million) and reduced travel, operating, information technology and training expenditures (\$296,613).

### **Welfare Field Services**

The Welfare Field Services budget provides for the salaries, operating expenses and support costs for staff that determines eligibility for the Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP) and Medicaid programs, as well as the staff that supports the employment and training education programs administered by the division.

The Legislature approved the utilization of approximately \$14.0 million in federal CARES Act funds to offset a portion of personnel costs for eligible workers for the period July 1, 2020, through December 31, 2020, resulting in a corresponding amount of General Fund reductions.

### ***Child Support Enforcement Program***

The Child Support Enforcement Program (CSEP) provides the following five basic services: location of absent parents; establishment of parentage; establishment of child support orders; collection of support payments; and enforcement of private medical insurance.

The Legislature approved reducing the state's share of funding for the CSEP in FY 2021, resulting in a General Fund reduction of \$1.1 million. According to the DWSS, actual collections of the state's share of child support made on behalf of families receiving assistance from the TANF program were \$2.1 million higher than the legislatively approved budget for FY 2020. As such, with the carry forward of the higher than projected collections from FY 2020, the approved budget reduction is not expected to negatively impact the CSEP in FY 2021.

### **Division of Child and Family Services**

Legislatively approved FY 2021 General Fund reductions approved during the 31<sup>st</sup> Special Session included holding 70 positions vacant (69.02 FTE), reducing juvenile justice facility capacity, and reducing children's mental health services, the Wraparound in Nevada program, and early childhood services. Reductions total \$4.7 million in General Funds and \$560,937 in reduced federal funds. All funding reductions for position costs represent positions held vacant; no filled positions were eliminated.

The Legislature approved to hold five positions vacant in the Rural Child Welfare budget resulting in reductions of \$283,690 in General Fund appropriations in FY 2021 while the Information Technology budget had decreases approved in software expenditures and associated funding for the UNITY case management system in FY 2021 (\$93,750 General Fund).

### ***Juvenile Justice Programs***

Fiscal Year 2021 juvenile justice reductions approved by the Legislature included holding positions vacant and related facility capacity reductions. At the Caliente Youth Center, capacity was reduced from 112 to 64, resulting in General Fund savings of \$2.1 million and holding 29 positions vacant. At the Nevada Youth Training Center, capacity was reduced from 64 to 48, resulting in General Fund savings of \$839,357 with 13 positions held vacant. Further, the Legislature approved holding 11 positions vacant at the Summit View Youth Center in FY 2021, with no capacity reduction, resulting in General Fund savings of \$725,711.

### ***Children's Mental Health Services***

Legislatively approved budget reductions for Northern Nevada Child and Adolescent Services in FY 2021 included holding positions vacant in children's clinical services (2.51 FTE), the Wraparound in Nevada program (4 FTE), and childhood mental health services (2 FTE) resulting in General Fund savings of \$481,157. In the Southern Nevada

Child and Adolescent Services budget, approved FY 2021 reductions included holding positions vacant in children's clinical services (1 FTE) and early childhood mental health services (1.51 FTE) totaling \$154,550 in General Fund.

The IFC at its June 25, 2020, meeting, approved FY 2020 reductions for DCFS totaling \$5.9 million in General Funds and \$494,047 in federal and other funds. Reductions were achieved through vacancy savings, program savings, and a reduction to an information technology project. Additionally, reductions to one-time deferred maintenance expenditures (S.B. 527, 2019) were approved, resulting in General Fund transfers of \$227,824.