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Testimony of Richard Saperstein Before the Joint Sub-Committee on
General Government on April 24, 2003

The Issues:

BSBVI has presented a budget of over \$1,600,000 for the administration and operation of the Randolph-Sheppard vending program. The budget is filled with waste and mismanagement. The five and one-half state employee positions provided for in the budget must be reduced. The payment of ten thousand dollars per FTE, per year, as administrative cost allocations should be reduced, if not all together eliminated. A portion of this cost allocation goes to support the Attorney General's office. It makes no sense for the blind vendors to pay for the Attorney General to litigate against them as has been the case to this point in time.

DETR has requested that the position of Bureau Chief be classified. Please do not allow this as the Chief is the head of the State Licensing Agency for the vending program. The Chief must be held accountable to the vendors for the actions that he or she takes. The blind vendors will have absolutely no recourse against the Chief if the position becomes classified.

Regarding the vending program, Bureau Chief Legier has made the statement that she cannot get anything done because of the one hundred and two grievances that have been filed. Please have the Chief identify each one of these grievances as the count that the vendors have is significantly different from hers. As the Chief has denied each and every grievance which has crossed her desk, any lack of time available to manage the vending program is of her own doing. If, indeed, one hundred and two grievances have been filed, what is wrong? Obviously any large amount of grievances filed would indicate that problems exist in the program, yet the Chief has done absolutely nothing to resolve them.

It is interesting to note that the Bureau's Deputy Attorney General has been present at most of these hearings. I question the reasoning for his presence at these hearings. What could the blind vendors possibly have done to deserve the full force of Nevada's largest law firm to be present at budget hearings? It leads me to further wonder what the Bureau has or has not done and what they are trying to conceal.

The Bureau has become nothing more than finger pointers and auditors, spending thousands of the vendors dollars performing both external and internal audits of the vendors on a basis far more frequent than major financial institutions are audited. What could they possibly be looking for? The vendors would like the opportunity to audit the Bureau by an outside firm on a regular basis. All of the Bureau's audits have produced very little in the way of violations. I wonder what an outside audit of the Bureau would produce.

The Bureau has failed to follow both Nevada and Federal law in regards to the vending program. It manipulates the law to suit it's own purpose and interprets it as is required to fulfill it's desires. The vendors have employed attorney Robert Humphreys as legal counsel. Mr. Humphreys is regarded as the world's leading authority on the Randolph-Sheppard Act as he not only knows the law inside and out, but he wrote the 1974 revisions to it. He has held the position of Rehabilitation Services Administration Commissioner and for decades has worked with the blind vending program throughout the country. He has offered his assistance and expertise on the law over and over again but the Bureau refuses to listen to him, believing instead that it's Deputy Attorney General is more versed in the Federal Act. Mr. Humphreys is appalled by the Bureau's blatant neglect of the Act and it's refusal to abide by it. In addition to Mr. Humphreys, Mr. Michael Diamond, currently the Executive Director of the Nevada Committee of Blind Vendors, Inc., and formerly a Business Enterprise officer with the Bureau, has consistently offered his help to Chief Legier in assisting with solving the problems that are plaguing the vending program but his help has always been refused as well. The Bureau thinks it has all the answers. It does not.

The Randolph-Sheppard Act states that all laws, including state law are to be interpreted liberally in favor of the blind vendors. In Nevada the opposite is true.

The Solutions:

Only approve a budget which accurately reflects the needs of the vending program. States with programs similar in size to that of Nevada function very well with only two or three FTE state staff. Eliminate the administrative fluff that the vendors currently pay. Include a budget for the elected Committee of Blind Vendors, no matter who the representatives are, so that it can function as intended by the Federal

Act and so the vendors can defend themselves against the Bureau when necessary.

Do not classify the position of Bureau Chief and take away the vendors only means of recourse against further tyrannical rule of the vending program by the Bureau.

Both Federal and State law provide for a nominee agency as a way for the vending program to be managed. A nominee agency can operate the program for considerably less than the Bureau's proposes in it's budget. The savings realized by the approval of a nominee agency would be redirected to the expansion of the vending program into the private sector, such as purchasing franchises of fast food operations, developing non-food private operations and providing greater health, welfare and retirement benefits for the vendors. Remember, the program uses no federal or state monies for it's operation. The vendors themselves provide all of the program's capital. It is believed that DETR wants control of this money so it can use it as the source to receive matching Federal 110 monies for other BVR programs.

The Bureau is currently incapable of adequately managing the vending program. It has lost sight of both it's prime directive and mandated purpose as set forth in the Randolph-Sheppard Act. It has forgotten that the vendors do not work for it but that the Bureau works for the vendors and serves their needs. It has forgotten that it's sole purpose is to insure the success of each individual vendor and to train and mentor them to that end. Please remind the Bureau of it's mission. Remind the Bureau that it is to defend the vendors, not trample upon them. Things must change in the vending program and I ask that you take the first step in making this happen.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Saperstein', written over the printed name.

Richard Saperstein

4635 Country River Drive

Fallon, NV 89406

775.423.8729

PROJECTED COSTS OF NOMINEE AGENCY VERSUS SLA

The following budget comparison shows the projected annual costs of a nominee agency verses the Nevada Bureau of Services for the Blind and Visually Impaired. A nominee agency is currently authorized under NRS 426.710

EXPENDITURES	SLA	NOMINEE
PERSONNEL	\$291,368.00	\$138,047.00 ¹
TRAVEL	15,220.00	9,000.00 ²
OPERATING	36,587.00	14,500.00 ³
DATA PROCESSING	4,245.00	0
DIVISION COST ALLOCATION	68,422.00	0
PURCHASING ASSESSMENT	537.00	0
STATEWIDE COST ALLOCATION	5,260.00	0
BUSINESS OPERATIONS - FACILITIES	773,700.00	524,600.00 ⁴
HEALTH BENEFITS - RETIREMENT	405,000.00	200,000.00 ⁵
TOTALS	\$1,600,399.00	\$886,147.00

¹PERSONNEL WILL INCLUDE EXECUTIVE DIRECTOR @ \$45K, AN SLA EMPLOYEE @ \$35K, AND A SECRETARY @ \$24K, PLUS VARIOUS TAKES & BENEFITS.

²TRAVEL OF STAFF AND COMMITTEE MEMBERS, PER DIEM, LODGING, MEALS

³OFFICE EXPENSES; EQUIPMENT, RENT, FURNITURE, STATIONARY. NOMINEE WOULD INHERIT ALL OFFICE EQUIPMENT PURCHASED UNDER TITLE 4, AT LEAST \$50,000. WORTH OF COMPUTERS, CHAIRS, COPIERS, DESKS, ETC.

⁴OPERATIONAL COSTS: CONSULTING FEES, RECORDS OF NON-PROFIT, OPERATOR TRAINING, LIABILITY INSURANCE, MAINTENANCE AND REPAIR, NEW EQUIPMENT, BUSINESS EXPANSION, SUBSIDIES, OPERATOR LOANS

⁵HEALTH BENEFITS = 20 OPERATORS = \$100,000.00 RETIREMENT = 20 OPERATORS = \$100,000.00. NOTE: THIS FIGURE REPRESENTS HISTORIC USAGE. BENEFITS COULD GO AS HIGH AS \$200,000.00, OR \$10,000.00 PER VENDOR, THE APPROVED LIMIT.

Business Operations/Facilities

* Consulting Fees

- 1) Legal Advisor = \$30,000.00
- 2) Accountant = \$3,600.00
- 3) Operator Training/Job Coaches = \$6,000.00

- * Liability Insurance = \$35,000.00
- * Operator Loans = \$15,000.00
- * Operator Subsidies = \$30,000.00 (1)
- * Maintenance and Repair = \$20,000.00 (2)
- * New Equipment = \$125,000.00
- * Assigned Commissions = \$5,000.00
- * Remodels and New Business Development = \$230,000.00
- * Emergency Fund = \$25,000.00(3)

NEW TOTAL FOR BUSINESS OPERATIONS/FACILITIES = \$524,600.00

- (1) It is our intention to find suitable employment for any vendor whose location has been closed down
- (2) If there are any major repair projects at Hoover Dam this number could be substantially higher
- (3) Emergency Fund, was not included in my previous budget

STATE OF NEVADA
DEPARTMENT OF EMPLOYMENT TRAINING AND REHABILITATION
BUSINESS ENTERPRISES OF NEVADA (BEN)
STATE FISCAL YEAR 2003

Projection for Maintenance & Repair, Contracts, Operator Loans, Travel,
Equipment Repair, Insurance, Subsidies, Assigned Vendor Commissions,
For Business Operations/Facilities

Anticipated Remodels and Expansions:

Las Vegas Parking Garage Vending Space	\$ 200,000
Las Vegas Vending Route - 200 Vending Machines	300,000
Fifteen Vending Machines for Current Operators	22,500
Hoover Dam Roof Repair	50,000
Henderson Pavilion	8,000
Total	<u>\$ 580,500</u>

NO - NO Need to purchase

Projected Other Expenditures:

Operator Training	\$ 24,000
Facility Renovations	24,000
Annual Liability Insurance	35,800
Maintenance & Repair of Equipment	38,200
Assigned Commissions	5,000
Loans	18,000
Contingencies	50,000
Total	<u>\$ 193,200</u>
Projected Total **	<u>\$ 773,700</u>

NO - NO Need to purchase

** To fund all requests will require approval of the Interim Finance Committee.

01/17/2003