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Testimony Before The Joint Committee on General Government.

Since 1975 I have been involved with The Nevada Business Enterprise Program for The Blind, now known as Business Enterprises of Nevada. For many of those years I have served as chair for the Nevada Committee of Blind Vendors. From 1977 to 2000, the BEP/BEN program has never required an appropriation from the Nevada Legislature, nor has it required the infusion of Federal 110 funds. **(Ref. Table 3)**

The solvency of The BEP/BEN program has never been in question, as The BEP/BEN program has not only enjoyed the highest percentage of profit to sales of any state in the country, **(Ref. Table 4)** it has consistently paid the highest rate of set aside than any other state, **(Ref: Table 2),** returning over $12,000,000. to the state from 1991 through 2000 in set aside and sales taxes **(Ref: Table 5).**

As vendors, we were surprised at the consternation that the 2000 LCB Audit caused at The Department of Employment, Training and Rehabilitation. We had been working in The BEP/BEN program for so many years that we knew that it was in pretty good shape, notwithstanding the fact that we had just completed the facilities at Hoover Dam at a cost of $2,000,000. without cost to Nevada taxpayers. The RSA 15 Quarterly Report indicated a reserve of $1,116,419. in the Set Aside Account, as of May 2001.

Subsequent to the release of the LCB Audit on April 27, 2001, DETR assembled a "task force" and held two "training sessions" for Business Enterprise Officers on May 14, and May 30, 2001 without notifying or including a representative from our Nevada Committee of Blind Vendors. Although the Randolph Sheppard Act requires Active Participation by the Nevada Committee of Blind Vendors, our committee was not given an opportunity to participate in DETR's response to the audit or the formulation, at their training sessions, of a corrective action plan by the department.

At the next meeting of our committee, June 9, 2001, we were informed by DETR that they had put new policies in to effect without participation by our committee. At that meeting, we asked for minutes from the two training sessions mentioned above. We did receive minutes from the May 14, 2001 meeting but were not given any minutes from the May 30th meeting, or any subsequent meeting for that matter.

The minutes of the May 14, 2001 training session and a statement by one of the participants in the May 30th meeting reflect a department which appeared to blame the blind vendors, and not themselves, for all of the problems that they believed they were burdened with because of the audit. They spoke of having to compel vendors to supply accounting information and the necessity of ferreting out "ghost employees". In a statement made by one of the participants of the May 30th meeting, an assertion was made that vendor fraud could be involved. Vendors were incredulous to hear that they were being accused of fraud, and that department officers were charging Business Enterprise Officers to "gather evidence" through examination of our financial records. The committee had always recommended that the state agency require proper accountability by the vendors, and had made many suggestions for such

We, as blind vendors began to believe that the Department of Employment, Training and Rehabilitation considered ***us*** the problem. To defend itself, the vendors' committee began to focus on the administration of the BEP/BEN program as there were a number of glaring problems that had not been adequately addressed by the LCB audit or The Department of Employment, Training and Rehabilitation. We had not been given program financial information as required in the Randolph Sheppard Act. When we requested that the state agency provide justification on their expenditures, we were denied that information. When we requested that the entire program be audited by a private auditing firm, they laughed.

As active participants in a program in which we provide all of the money, the blind vendors believed that the administrators of that program should account for its expenditures. We also believed that the department should be responsible for bringing viable locations in to the BEP/BEN program. There are budgeted items for new locations in the 2003 budget that are unrealistic and not viable. The program has, in the past, been plagued with administration expenditures on locations which lost money or have not returned a fraction of the monies spent on development. This just seems to be a perpetual problem that the taxpayers would not stand for if they were paying the bills so there should be no reason for the vendors in this program to stand for it? LCB auditors were directed to look at vendors by a department auditor; they should also have looked at waste and mismanagement of the BEP/BEN program by the department itself. The Rehabilitation Services Administration, an agency of the U.S. Department of Education is concerned enough about the BEP/BEN program that it has scheduled an Administrative Review of the program.

The vendors' committee has, in the past, suggested that the state agency use set aside money to purchase a business so that a blind vendor might be placed in the private sector, but that too was blocked by the department. Our opportunities for developing locations on public property is becoming more limited and we need to place qualified blind persons in locations which will return a good living for them – even if it is in the private sector.

The emphasis of The Department of Employment, Training, and Rehabilitation is clearly on collecting more money from the vendors. Accounting and accountability of the blind vendors has become their primary focus. Our vendors pay the highest rate of administration costs of any in the nation **(Table 5).** Their projections for the 2004 SFY will bring those costs even higher. The department needs to be accountable to the people who make the BEP/BEN program possible. As I have said earlier, the program has always been successful and, most likely, always will be successful if the department allows it to work as The Randolph Sheppard Act intended.

Bert Hansen, NCBV Vice Chair,
March 26, 2003

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TABLE 1
COSTS & REVENUES OF THE NEVADA BUSINESS ENTERPRISES PROGRAM COMPARED WITH OTHER STATES

Compiled from The Randolph Sheppard Vending Facility Program FY 2000 Annual Report; United States Department of Education, Rehabilitation Services Administration, Washington, D.C. This comparison is of six states: Connecticut, Idaho, Kansas, Nevada, Rhode Island and Washington, which have similar sized vending facility programs..

Cost of Management Services Per Vendor

	1999			2000		
State	*# Vend. Locations*	*Management Services Cost*	*Cost Per Vendor*	*# Vend. Locations*	*Management Services Cost*	*Cost Per Vendor*
Idaho	54	$116,807.	$2,163.	20	$127,356.	$6,368.
Washington	21	$115,153.	$5,484.	20	$182,733.	$9,137.
Rhode Island	22	$228,582.	$10,390.	20	$211,071.	$10,554.
Kansas	43	$133,843.	$3,113.	17	$196,146.	$11,538.
Connecticut	27	$364,888.	$13,515.	25	$318,799.	$12,752.
NEVADA	**27**	**$367,954.**	**$13,628.**	**22**	**$396,909.**	**$18,042.**
2001*						
2002				**20**	**$377,807.**	**$18,891.**
2003				**19**	**$421,639.**	**$22,192.**

Table 2
Funds Set Aside as Percent of Net Proceeds

This is a comparison of seven states in which the blind vendors which pay the highest rate of set aside. Nevada has always ranked at the top of the list. The percentage in 2000 would have been comparable to 1999 levels but for the fact that improvements at Hoover Dam were being paid directly by some vendors.

	1999			2000		
	Net Proceeds	*Funds Set Aside*	*Percent*	*Net Proceeds*	*Funds Set Aside*	*Percent*
Nevada	**$2,440,056.**	**$1,017,900.**	**41.7%**	**$2,256,495.**	**$748,058.**	**33.2%**
Virginia	$2,514,828.	$602,739.	24.0%	$2,667,463.	$713,156.	26.7%
DC	$1,304,660.	$302,931.	23.2%	$1,337,197.	$317,368.	23.7%
California	$7,190,253.	$1,446,001.	20.1%	$7,252,448.	$1,554,287.	21.4%
Kansas	$424,312.	$75,097.	17.7%	$431,749.	$83,359.	19.3%
N. Carolina	$3,526,715.	$612,445.	17.4%	$3,344,204.	$588,170.	17.6%
Arizona	$2,855,841.	$452,526.	15.8%	$2,271,409.	$399,107.	17.6%

Table 5

Funds Paid To The Set Aside Account By Vendors 1991-2000

This program has returned over $12,000,000. to the State of Nevada since 1991. The monies generated entirely though the work and dedication of the blind vendor participants. The Nevada Committee of Blind Vendors has consistently strived to improve opportunities for program participants throughout the years.

Year	*Program Sales*	*Paid to Set Aside*	*% of G. Sales*	*Change From Previous Year*
1991	$5,368,152.	$503,182.	9.37%	
1992	$5,586,068.	$577,334.	10.34%	$74,152.
1993[1]	$6,174,907.	$821,506.	13.3%	$244,172.
1994	$6,446,009.	$864,006.	13.4%	$42,500.
1995	$6,478,163.	$870,189.	13.43%	$6,183.
1996[2]	$6,457,026.	$840,340.	13.01%	($29,849.)
1997	$6,478,999.	$743,479.	11.48%	($96,861.)
1998	$7,108,517.	$835,883.	11.76%	$92,404.
1999	$7,843,597.	$1,017,900.	12.98%	$182,017.
2000[3]	$8,316,526.	$748,058.	8.99%	($269,842.)
Totals	$66,257,964.	$7,821,877.	11.81%	
	State Sales Taxes	$4,803,702.		

1. The facilities at Hoover Dam had completed its construction loan so more money was available for Set Aside.
2. The Parking structure at Hoover Dam opened, which diverted traffic away from the facilities until increased tourist traffic began to compensate for the loss in revenue.
3. Construction of the facilities at Hoover Dam was partially paid by the vendors which caused a reduction in the amount of set aside returned to the state.