MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS

Seventy-Third Session
February 14, 2005

The Committee on Ways and Means was called to order at 8:11 a.m., on Monday, February 14, 2005. Chairman Morse Arberry Jr. presided in Room 3137 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. Morse Arberry Jr., Chairman
Ms. Chris Giunchigliani, Vice Chairman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Lynn Hettrick
Mr. Joseph M. Hogan
Mrs. Ellen Koivisto
Ms. Sheila Leslie
Mr. John Marvel
Ms. Kathy McClain
Mr. Richard Perkins
Mr. Bob Seale
Mrs. Debbie Smith
Ms. Valerie Weber

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Tracy Raxter, Program Analyst
Carol Thomsen, Committee Secretary
Connie Davis, Committee Secretary

Chairman Arberry called the meeting to order and announced that the Committee would commence with budget reviews for the Department of Employment, Training and Rehabilitation (DETR). The Chair recognized Ms. Baker.

DETR, ADMINISTRATION (3272)
DETR 1–8 Volume II

Birgit Baker, Director, Department of Employment, Training and Rehabilitation (DETR), introduced herself to the Committee and indicated she would also like to introduce key members of her staff. For Committee members who had served during prior sessions, it would become apparent that DETR had a "new cast of characters." Ms. Baker introduced Terry Johnson, who had joined DETR from the Office of Labor Commissioner and was the Department's new Deputy Director based in Las Vegas, with statewide responsibility for the Employment Security Division, the Rehabilitation Division, and the Nevada Equal Rights Commission.

Ms. Baker indicated that the new DETR Division administrators were: Cynthia Jones, Employment Security Division; Michael Coleman, Rehabilitation Division; David Stewart, Information Development and Processing Division; Lynda Parven, Equal Rights Commission; and Robert Murdock, Chief, Research and Analysis Bureau. Ms. Baker also introduced the Department's Chief Financial Officer, Martin Ramirez.

Commencing her budget presentation, Ms. Baker advised that the Department had been created by the 1993 Legislature and was comprised of 4 divisions: 1. Employment Security Division; 2. Rehabilitation Division; 3. Information Development and Processing Division; and 4. Nevada Equal Rights Commission. Ms. Baker said the mission of the Department was to connect Nevada's businesses with a qualified workforce and ensure equal employment opportunities. She pointed out that DETR was also the lead State agency appointed by the Governor to administer the Workforce Investment Act (WIA) in Nevada, and that included serving as staff to the Governor's Workforce Investment Board, which was responsible for the Nevada JobConnect system.

Ms. Baker referenced Exhibit B, "Nevada's Workforce Investment System," a map that depicted JobConnect system sites throughout Nevada. According to Ms. Baker, the Nevada JobConnect system had been created in response to the WIA, which provided the framework for the establishment of a comprehensive employment and training system in Nevada. The goal of the WIA, said Ms. Baker, was to integrate public employment programs into a one-stop service delivery system, intended to realign and maximize resources for improved services to businesses and job seekers. Funding was passed through to local workforce boards, which had the responsibility for establishing one-stop offices in their respective communities. Ms. Baker reported that Nevada had two local boards:

1. The Nevadaworks Board was responsible for service delivery in the 13 counties in northern Nevada.
2. The Southern Nevada Workforce Investment Board was responsible for Clark, Lincoln, Nye, and Esmeralda Counties.

Ms. Baker stated that the programs and services administered by the divisions of DETR served as the key partners of the Nevada JobConnect system. Through that partnership the Nevadaworks Board had successfully established two comprehensive one-stop offices in Reno and Sparks, as well as five affiliate sites in Carson City, Elko, Ely, Fallon, and Winnemucca.

Ms. Baker stated that the Southern Nevada Workforce Investment Board currently provided oversight to three comprehensive one-stop employment and training centers in Las Vegas, North Las Vegas, and Henderson, with a fourth center soon to open in Pahrump. While DETR employees currently managed a majority of those offices, a shift in responsibility from DETR to the local boards for full-time management of those offices was expected to evolve over the upcoming biennium.

Ms. Baker said she would like to review those decision units included in The Executive Budget that were common to most of the Department's budget in order to shorten the presentation and allow time to focus on the significant issues facing the DETR's divisions. Ms. Baker indicated that she would briefly discuss the following global decision units:

- M-800 and E-800: Contained the departmental cost allocation that supported the DETR Administrative Services, the Information Development and Processing Division, and the generally allocable portion of the Research and Analysis Bureau. Those costs were allocated based on budgeted full-time equivalent (FTE) positions in accordance with the DETR's cost allocation plan, as approved by the U.S. Department of Labor, Division of Cost Determination.
- M-525: Provided authority for accommodation in accordance with the Americans with Disabilities Act (ADA). Those requests supported purchases of equipment and other items for reasonable accommodation of the DETR employee needs in the workplace.
- E-255: Provided authority for janitorial, security, and utility costs for staff moving into the new DETR administration building, scheduled for occupation in April 2006.

Chairman Arberry asked for clarification regarding the building in Las Vegas. Ms. Baker advised that the DETR was constructing a new building in Las Vegas on East Sahara, at the same location as the Department of Motor Vehicles and the Bradley Building. Chairman Arberry asked whether the Public Works Board had been involved in the construction of the building. Ms. Baker replied, "Absolutely."

Ms. Baker continued her overview of global decision units:

- E-256: Provided authority for future moving costs for staff to move from the office located on Belrose into the Nevada JobConnect offices. That would be in support of the Southern Nevada Workforce Investment Board's intent to establish three new JobConnect centers in southern Nevada during the upcoming biennium. It was the Department's intent to relocate staff from the Belrose office into the new full-service centers to improve access to rehabilitation services.
- E-811: Provided authority that supported the Governor's proposed unclassified pay structure. There were 23 positions within the DETR included in that proposal.

Ms. Baker noted that since 1999, the Department's budget had also included $150 per FTE position for miscellaneous equipment and $110 per FTE position for training.

Ms. Baker advised that the Department had 15 budget accounts within The Executive Budget, for a total operating budget of approximately $133 million per year. The majority of the Department's funding was realized from federal grants, with approximately 4 percent, or $5.2 million per year, from the State General Fund to provide matching funds for several of those federal grants. According to Ms. Baker, the DETR had 841.5 full-time equivalent (FTE) permanent positions and approximately 30 FTE intermittent positions.

Ms. Baker said BA 3272, Administration, included 54.5 FTE positions, which provided centralized services in support of the 4 divisions within the Department in the areas of the Director's office; human resources; financial management; facility services; public information; and internal audit. According to Ms. Baker, no new programs had been proposed in BA 3272 for the upcoming biennium. However, the Department's new Las Vegas office building, approved by the 2001 Legislature and amended by the 2003 Legislature, was projected for completion by April 2006. The 62,000-square-foot facility would house the Unemployment Insurance operations in southern Nevada, as well as the director's office and the administrative offices of the Employment Security and Rehabilitation Divisions.

Regarding performance indicators, Ms. Baker advised that the Department was proposing two new indicators in BA 3272. Those two new indicators were:

- Number 1: "Percent of department employees satisfied with department services." The performance indicator would measure the percentage of employees who were satisfied with the support services provided through the budget, based on an annual survey.
- Number 3: "Percent increase in businesses using department employment services." The performance indicator would measure the percentage increase in businesses utilizing the Department's employment services, which included placement of job orders, referrals to openings, job development, on-the-job-training contracts, labor market information, and recruitment assistance.

In FY2004, said Ms. Baker, approximately 6,400 of Nevada's 51,000 employers, which equated to approximately 12.5 percent, requested staff-assisted employment services from the Nevada JobConnect system. Continued provision of excellent customer services and enhanced marketing efforts led by the Governor's Workforce Investment Board, would help to increase that number by at least 10 percent per year.

With respect to performance indicator deviations, Ms. Baker reported that Performance Indicator Number 2: "Percent of businesses satisfied with Department employment services," was based on an ongoing survey of Nevada employers who accessed those services through Nevada JobConnect. The Department's Research and Analysis Bureau conducted ongoing customer satisfaction surveys for both program participants and employers who were served through the State's workforce investment system. Ms. Baker indicated that was a requirement of the Workforce Investment Act (WIA), and the survey methodology was prescribed by the U.S. Department of Labor to ensure that all states conducted the survey in the same manner, so that results would be comparable across the nation. Survey reports were compiled using the American Customer Satisfaction Index (ACSI), which was an economic indicator that provided a uniform measure of quality. Ms. Baker advised that Nevada's FY2004 ACSI score of 82 was a very strong score, and ranked as one of the top 10 in the nation in terms of businesses satisfied with employer services provided by the public workforce system. According to Ms. Baker, the national average for the measure for FY2004 was 74.2.

Ms. Baker explained that for the purpose of The Executive Budget, Performance Indicator Number 2 had been converted to a percentage score. The ASCI score of 82 had inadvertently been published in the budget as the actual outcome. According to Ms. Baker, the actual percentage of 97.6 for the measure would be comparable to the ASCI score of 82, which exceeded the 90 percent goal and indicated that the DETR's business customers were very satisfied with the employment services they received through the Nevada JobConnect system.

Regarding Performance Indicator Number 4: "Percent of time Department and Divisions meet or exceed performance indicators in their budgets," Ms. Baker stated that for FY2004, there were a total of 40 performance indicators included in the Department's agency request. Of those, 17 had been met or exceeded, which represented the 43 percent outcome as published in The Executive Budget. Of the 23 indicators that had not met the projections, 17 were for the Rehabilitation Division. Ms. Baker stated that the primary reasons for the less-than-expected outcomes for that Division were related to high vacancy rates for rehabilitation counselors and a significant increase in disability applications, which impacted the Division's ability to meet timeliness and customer satisfaction standards. Ms. Baker advised that additional detail regarding the specific issues related to those measures would be provided by the Division during its budget presentation.

Continuing her presentation, Ms. Baker explained that the base budget supported 54.5 FTE positions, which provided administrative and support services to ensure the mission, goals, and objectives of the Department and its divisions were fulfilled.

Ms. Baker offered the following explanation regarding enhancement units:

- E-250 requested 2 new positions effective April 1, 2006, which would provide support services needed in the Department's new Las Vegas office building, scheduled for occupancy in April 2006.
- E-251 provided funding for the Department's human resource and training managers to attend professional development conferences in each year of the biennium.
- E-252 requested authority to redistribute utility and operating costs associated with the move of 16 positions from the Department's Carson City administrative building to the Curry Street facility, which also housed the unemployment tax section. That action had been approved by the Interim Finance Committee (IFC) on June 15, 2004.
- E-710 provided for replacement equipment, which included 21 personal computers (PCs) in FY2006 and 7 additional PCs in FY2007.
- E-720 provided authority for equipment and software for facility services and the public information officer.

Ms. Baker stated that concluded her formal budget presentation for BA 3272, and she offered to answer any questions from the Committee. The Chair indicated there were no questions regarding BA 3272, and asked Ms. Baker to introduce the speaker for the next budget account. Ms. Baker introduced David Stewart, Administrator, Information Development and Processing Division, who would present the budget for that Division.

DETR, INFORMATION DEVELOPMENT AND PROCESSING (3274)
DETR 9–15 Volume II

Mr. Stewart introduced himself to the Committee and commenced his budget presentation.

Mr. Stewart stated that BA 3274 funded the Information Technology (IT) unit that supported the Department. The IT unit consisted of 57 positions, which provided application, development, network system and database administration, desktop support, computer operations, and IT project management quality assurance for the Department. Mr. Stewart said over the past 2 years, the IT unit had deployed or enhanced several systems. The most notable of those enhancements was completed for America's One-Stop Operating System (AOSOS), which had been significantly enhanced to better serve the needs of the Nevada JobConnect system.

Mr. Stewart advised that other achievements included:

1. Improved utilities for management and federal reporting.

2. New interface with the federal wage reporting system to improve accuracy of performance outcomes.
3. The self-service registration and resumè module of AOSOS had been enhanced to be more user-friendly and compliant with the guidelines and standards of the Rehabilitation Act amendments, which ensured that people with disabilities could access the system.
4. Also implemented was a new rehabilitation case management system to streamline services for Rehabilitation Division clients. In addition to providing staff with efficient case management tools, the Rehabilitation Automated Information Systems of Nevada (RAISON) accurately tracked, bonded, and interfaced with the State's Integrated Financial System, and produced mandatory federal reports.
5. Implementation of the first phase of a new Unemployment Insurance Data Validation (UIDV) system, and an unemployment insurance data warehouse to meet revised Department of Labor requirements.

Currently, stated Mr. Stewart, the Department's Information Technology (IT) unit was either working on, or planning for, the migration of the workforce investment boards to America's One-Stop Operating System (AOSOS) application. That project was tentatively scheduled for completion in July 2005. Mr. Stewart advised that the IT unit was also working on the expansion of the unemployment insurance data warehouse to include the addition of approximately 5.2 million wage records annually.

Mr. Stewart said that the performance indicators for BA 3274 were intended to measure the usage and reliability of the services provided by the IT unit and the customer satisfaction ratings associated with those services.

He provided the following information regarding the performance indicators:

Number 1: "Percent of customers satisfied with DETR IT services." For the current year, the performance indicator would be a composite of internal and external customers using a standard set of questions within the American Customer Satisfaction Index (ACSI), developed by the National Quality Research Center, University of Michigan Business School. Internal customers would receive a survey when the help desk ticket or service request had been closed, rather than a monthly survey for one or more help desk tickets. External customers would receive a survey as soon as they had completed their online transaction. All surveys were voluntary, and the projection of 93 percent was a lofty goal, which the IT unit hoped to achieve during the current year.

Number 2: "Percent of business application availability." The previous performance indicator had reported only the network availability of applications, with the standard set at 97 percent. The new performance indicator had been expanded to include all business applications, email, print, and file-sharing services, as well as network availability. System availability was measured by the deviation from the amount of published system availability per system, as compared to the actual system availability. The new standard was 99 percent availability for all systems.

Number 3: "Application enhancements implemented to offer new self-service features." In FY2004, the DETR made available an online complaint form on the Internet for the Nevada Equal Rights Commission. Also available was a website for the Nevada Workforce Informer, which provided area profiles, business resources, economic indicators, occupations, Nevada career information, population, wages, job growth, and other Nevada-specific workforce information. In FY2005, FY2006, and FY2007, the Department expected to enhance the Nevada Equal Rights Commission complaint form to be interactive, enhance the online Internet claims to be more user-friendly, and newly implement online employer business registration, and employer tax and wage reporting.

Continuing his presentation, Mr. Stewart explained that the DETR's IT unit was requesting no new programs during the next biennium. He stated he would like to present the key decision units within the budget.

E-275: "Maximize Internet and technology." Mr. Stewart pointed out that funding had been requested for one additional Sun Microsystems V480 server and two additional Oracle database licenses. The purpose of the request was to produce additional processing capacity to accommodate new growth in the DETR's data warehousing applications, which was anticipated with the annual 5.2 million wage records for the Unemployment Insurance Data Validation (UIDV) system. Mr. Stewart said that purchase of the system would allow the current and planned applications to spread out over two separate machines, providing backup, redundancy, and high availability for the federally mandated UIDV system. According to Mr. Stewart, funding had been requested in the amount of $123,795 in FY2006 for one additional server and the purchase of two additional Oracle database tier licenses, and $14,250 in FY2007 for the associated reoccurring Oracle licenses and maintenance costs.

Chairman Arberry asked for clarification regarding the capacity of the existing server. Mr. Stewart stated the IT unit currently utilized four separate servers for database information. Chairman Arberry asked whether any of those servers could be modified to add capacity, thereby eliminating the need to purchase an additional server. Mr. Stewart said he would have to research that possibility and provide the information to the Committee. He believed all the current servers were older models that could no longer be updated, and all had been maxed out regarding available memory.

Assemblyman Denis asked whether the request was for a new server to increase capacity, or to replace one of the existing servers. Mr. Stewart explained the request was for a new server to increase capacity and provide redundancy and high availability for the UIDV system. Mr. Denis asked whether the new server would augment capacity and allow the IT to perform redundancy that it was currently not able to perform. Mr. Stewart replied in the affirmative.

E-710: "Replacement equipment." Mr. Stewart stated that, based on the Department's replacement policy, authority had been requested to replace 45 personal computers (PCs) and 10 laptops in FY2006, and 12 PCs and 5 laptops in FY2007. In addition, said Mr. Stewart, funding was being requested to replace several network routers and switches, 17 file servers in FY2006, and 15 servers in FY2007. Mr. Stewart noted those servers were scheduled to "roll off" maintenance contracts with the vendor, were too costly to maintain, or were at the end of their life-cycle for the product line, with spare parts no longer available.

Mr. Denis asked how many current servers were utilized by the DETR's IT unit. Mr. Stewart stated that the IT unit currently had 64 servers. Mr. Denis asked whether the request was to replace a number of the servers. Mr. Stewart replied that was correct. Mr. Denis asked for clarification regarding the replacement cycle for PCs. Mr. Stewart replied that there was a 3-year replacement cycle for power users, which would be the IT unit and the Research and Analysis Division, and a 5-year replacement cycle for clerical staff.

Mr. Denis noted that the IT unit had requested two Oracle database tier licenses. Ms. Baker explained that the two Oracle licenses were actually part of Decision Unit E-275, which also included purchase of the new Sun V480 server. Mr. Denis asked why two Oracle licenses were needed with one server. Mr. Stewart advised that Oracle was licensed by individual processor and there were four processors on the Sun V480 server. Part of the consolidation taking place within the DETR at the present time would free up two additional licenses to put on the new server, for a total of four.

Chairman Arberry asked why inflation costs for utilities were not included in Decision Unit M-100, Inflation. Martin Ramirez, Chief Financial Officer, DETR, explained that when working with the Budget Office regarding the budget for the Information Development and Processing unit, the utility inflation cost had been quite minimal and, since it would have created a great deal of work to reallocate the cost, the Department had chosen not to include utility inflation costs within BA 3274.

Ms. Baker advised that the decision regarding Decision Unit M-100 within BA 3274 went back to the global decision units that she had previously addressed. There were three budget accounts within the DETR that were funded solely through cost allocation to the divisions. She noted that utility inflation was addressed in other division accounts, but for the purpose of the cost allocated accounts, the cost was so minimal that the Department chose not to refigure the cost allocation, which was a very complicated procedure.

Assemblywoman Giunchigliani commented that it was fairly unusual not to include utility inflation costs in a budget, and she asked what the Department considered "minimal" costs. Mr. Ramirez said that the amount had been less than $2,500, per the Budget Office. Ms. Giunchigliani understood that the amount would have had to be spread across the unit, but she asked why the amount was so much less within BA 3274 than the other divisions. Mr. Ramirez explained that when preparation of the budget had gotten "down to the wire," utility inflation costs had been handled very informally. Mr. Ramirez stated he had received a call from the Department's budget analyst, who provided the amounts per account, and the amount for the cost allocated accounts had been so minimal that it had been jointly agreed it would not be worth the time to spread the cost among the budgets.

Ms. Giunchigliani asked whether that small inflationary utility cost had been consistent over the biennium. Mr. Ramirez stated in prior biennia, utility costs had spiked in a number of areas and those costs had been included in Decision Unit M-100 in past budgets. The numbers provided for the upcoming biennium indicated that it would not be worthwhile to spread the costs within the budget accounts. Ms. Giunchigliani asked whether he was confident that the inflationary costs would remain low over the biennium. Mr. Ramirez stated the decision had been made based on the figures provided from the Budget Office. Ms. Giunchigliani noted that there had already been many budget revisions, and she advised Mr. Ramirez to double-check the figures.

Ms. Giunchigliani asked that the Committee be provided with a list of agencies that had public information officers (PIOs) and which agencies were requesting a PIO position. She also asked for information regarding which positions would be classified versus unclassified. That might give the Committee an overall picture, as there were many agency requests for PIO positions for the upcoming biennium.

Mr. Denis asked for an explanation of America's One-Stop Operating System (AOSOS). Mr. Stewart said that AOSOS was an automated case management program for unemployment insurance. He indicated that AOSOS was a web-based, automated comprehensive case management reporting system, utilized by workforce and economic development professionals who worked with employers and job seekers. Mr. Stewart reported that highlights included:

- Self-service modules that allowed the job seeker to register for services, create a resumè, and search for a job
- Employers could submit job orders over the Internet or telephone
- Universal registration for all workforce partners
- Partner referral management
- Quick skill and experience assessments
- Comprehensive assessments
- Skill, experience, career assessments, and barriers to employment
- Employment plans
- Service delivery tracking and outcomes
- WIA eligibility
- Individual training accounts
- Scheduling and calendaring, follow-up, and monitoring
- Notification and correspondence
- Job managing, counselor notes, placement activities
- Performance measures
- One-stop customer surveys
- Provider management and tracking
- Employer relations
- Job order management
- Office administration and security management

Mr. Denis asked whether AOSOS was a commercial product that was available to various entities. Ms. Baker explained that the AOSOS was created in response to passage of the Workforce Investment Act (WIA). Currently seven states utilized the system, which had been developed through the State of New York, Department of Labor, and Nevada was one of those seven states.

Ms. Baker indicated that AOSOS provided all the features needed for not only the divisions of DETR, but also its workforce partners. AOSOS also met the requirements of the U.S. Department of Labor for federal reporting, which Ms. Baker stated was critical. She pointed out that if the Department could not produce the reports, the state would suffer possible sanctions.

Mr. Denis asked whether the request for \$365,015 in FY2006 and \$368,937 in FY2007 was for maintenance. Ms. Baker explained that the system was maintained and enhanced through a subscription agreement with the New York State Department of Labor. The approximately \$300,000 annually was the amount paid by all states that were part of the consortium, in order to maintain and enhance the system. Ms. Denis asked whether all states paid the same amount. Ms. Baker replied that was correct, and the U.S. Department of Labor continued to provide a small grant to the New York State Department of Labor, in addition to the amounts paid by the participating states.

Ms. Baker informed the Committee that the presentation regarding BA 3273 would be provided by Mr. Murdock.

DETR, RESEARCH AND ANALYSIS BUREAU (3273)
DETR 16-21 Volume II

Robert Murdock, Chief, Research and Analysis Bureau, introduced himself to the Committee and explained that the Bureau reported directly to the director's office. There were 29 FTE positions: 17 economists, 8 paraprofessionals, and 4 clerical support staff. Mr. Murdock said the vast majority of the Bureau's funding was realized through federal funding sources, with augmentation from programs within the DETR. The Bureau worked with the U.S. Bureau of Labor Statistics in cooperative programs regarding unemployment rates, job growth, et cetera, throughout the state. Mr. Murdock indicated that the U.S. Department of Labor, Employment and Training Administration, provided funding to the Bureau to disseminate information and provide analysis to people within the state. According to Mr. Murdock, the Bureau also received special grant funding from the Carl D. Perkins Vocational and Technical Education Act for guidance and education, the Career Enhancement Program through the Department, and interagency cost allocation.

Mr. Murdock indicated that the Bureau's major programs included unemployment and employment job growth, review of the labor force, industrial employment, the number of jobs by the various industries in the state, occupational employment, and current staffing patterns reported by employers. The Bureau researched the information and provided industry and occupational projections, which depicted the occupations in demand and what type of skills would be needed in the community. Mr. Murdock said the Bureau also looked at wages and produced career information. The Bureau was also responsible for maintaining the Nevada Career Information system (NCIS) that was available in each of the 17 school districts. Mr. Murdock noted that the Bureau also reviewed workforce demographics.

According to Mr. Murdock, the Bureau's information delivery was done primarily via utilization of the Internet, through software tools such as the aforementioned Nevada Workforce Informer, which was the premiere site for workforce information in the state of Nevada. Mr. Murdock said the Bureau also looked at the NCIS, which was available on the Internet, and also available via CDs for locations that could not access the Internet, such as within the Nevada Department of Corrections.

Mr. Murdock stated that the Bureau provided efficient delivery of information, and during the past year, the Bureau's website had had 12.2 million "hits." The Bureau also provided one-on-one contact via telephone, email, and personal visits, and staff would visit employer sites when requested. Mr. Murdock noted that the Bureau also offered printed pamphlets and job posters that could be utilized on a regular basis in career centers. The pamphlets were also available online so that interested persons could download the information quite easily in its final format.

According to Mr. Murdock, customer service was the key to the job performed by the Research and Analysis Bureau, for both internal and external customers. Regarding performance indicators, Mr. Murdock offered the following:

- Number 1: "Percent of business associations satisfied with workforce information." The aforementioned surveys regarding customer satisfaction were conducted by the Bureau's Research Department.
- Number 2: "Percent of private and public economic entities satisfied with workforce information." The Bureau would look at the various Chambers of Commerce and other business associations to make sure they were

satisfied with the information provided. The Bureau would also look at public and private research entities.

- Number 3: "Percent of career resource sites satisfied with career information provided." There were 380 NCIS resource sites and the Bureau researched both participants and managers to ascertain the level of satisfaction with the Bureau's information.
- Number 4: "Percent increase in use of workforce and career information through the Internet." The Bureau watched Internet "hits" and how that number grew, and watched whether or not it kept its penetration in the market.

Mr. Murdock stated that no programs had been added to BA 3273, but there had been deviation in Decision Unit M-550, Mandates. In order to comply with the Wagner-Peyser Act and the Workforce Investment Act, Nevada was required to conduct an ongoing customer satisfaction survey, and Mr. Murdock indicated that the budget request would add money for two intermittent positions to continue with the required customer satisfaction survey.

The only other change was in Decision Unit E-710, which Mr. Murdock explained contained the request for replacement of computers: 9 personal computers (PCs) and 2 laptops in each year of the biennium.

Chairman Arberry stated that the 2003 Legislature had approved $45,000 over the FY2003-05 biennium for development and implementation of a marketing plan to promote the NCIS, and he asked for a report on the status of that plan. Mr. Murdock stated that the plan was coming along quite well. A formalized marketing plan had been completed and adopted, which included standard "branding" and was being developed in conjunction with the Nevada JobConnect system. Mr. Murdock reported that the Bureau also used standard branding in the NCIS, and was attempting to be consistent across the board in its affiliation with the JobConnect system.

Chairman Arberry referenced the out-of-state travel costs of $31,968, as recommended in The Executive Budget, and asked Mr. Murdock to explain those costs. Mr. Murdock explained that the Bureau contained economists who had to maintain professional competency. The economists were asked to attend numerous meetings with the U.S. Department of Labor. Mr. Murdock stated that for each program the Bureau maintained through the Department of Labor, whether it was the current unemployment statistics or the unemployment rates, it was required by the U.S. Department of Labor to attend conferences at least twice a year, in order to maintain consistency and stay current in those programs. Mr. Murdock emphasized that statistical areas were changing and the Bureau viewed the situation as similar to any professional that had to maintain consistency and update their particular area during the year.

In addition, stated Mr. Murdock, he chaired two national programs that he attended at least twice a year. He attended one program, the National Workforce Investment System, each quarter. Such meetings allowed the Bureau to remain on top of its job in Nevada, and gave Nevada a "leg up" on many states that did not participate in the programs. Mr. Murdock stated the Bureau was able to help design and develop the programs to ensure they met the needs of Nevada.

Assemblywoman Weber stated that the Bureau's publication, "Nevada Economy in Brief," was the first thing she looked at when it was delivered to her mail box. She opined that the publication was "great" because it provided 20 years of unemployment trends and really helped business. She noted that when she talked to a businessperson about that publication, they would usually place their name on the mailing list. Ms. Weber asked whether that publication was available online. Mr. Murdock stated absolutely, and advised that it was available on the Nevada Workforce Informer website, which included all the information available from the Bureau each month. He assured Ms. Weber that the information could be downloaded and was ready to print. Ms. Weber asked whether archive copies were also available. Mr. Murdock replied in the affirmative, and he stated that if information could not be found on the website, persons were welcome to contact the Bureau.

Assemblyman Hogan stated he was curious about the results to date regarding the survey efforts. Mr. Murdock reported that the Bureau had experienced a very good participation rate with the surveys and was maintaining its competency in those surveys, and also with the deliverables required by the DETR and the U.S. Department of Labor.

Mr. Hogan asked whether there were any numbers available, or some method by which the Committee could make a judgment against goals. Ms. Baker explained that customer satisfaction measures were spread throughout the Department's budget, and she had previously referenced the performance indicator regarding business satisfaction. Ms. Baker indicated that she would provide numerical results of the surveys to the Committee at a later date.

Mr. Hogan referenced an article that had appeared in the *Las Vegas Review-Journal* in late December 2004, in which concerns had been expressed by a professor at the University of Nevada, Las Vegas (UNLV), Women's Research Center. The concerns surrounded the depth of the economic information that was available, particularly information that would give researchers an opportunity to determine how well women were doing in various parts of the workforce in the more non-traditional areas for women, such as auto repair, construction, et cetera. Mr. Hogan asked whether Mr. Murdock was aware of that concern or whether he had spoken with individuals at the UNLV. He also asked whether the data was readily available, and if not, if there was something the Bureau could do to make the information more available.

Mr. Murdock stated that was a weak area in workforce information, and the Bureau did not collect information necessarily by gender. The Bureau would soon enter into the Longitudinal Employer-Household Dynamics (LED) program with the U.S. Department of Commerce, Census Bureau, and that information would blend Nevada's employers and employer files regarding what jobs were provided to claimants. Mr. Murdock said that information would also be compared to information from the Census Bureau, and the information would be merged together to provide the Bureau with more demographics and more information.

Mr. Hogan asked whether there was a similar concern and similar action underway with respect to identifying the progress being made by specific minority groups, in an effort to determine whether African Americans, Asians, and other minority groups were progressing in their penetration of certain industries. Mr. Murdock stated such information would also be better addressed through the aforementioned LED program. That type of information had to be tracked over a period of time, and after the LED program was operational, Mr. Murdock said the Bureau could review the information pertaining to Nevada. At the present time, there was very little information available in those areas.

Mr. Hogan asked whether there was a date when that information would become available. Mr. Murdock stated the Bureau hoped that the LED program would be operational by approximately July 1, 2005, and staff was working on the program at the present time. There was a Memorandum of Understanding between the Census Bureau and the Bureau of Labor Statistics regarding provisions of historical data, based on the confidentiality laws under which the Bureau operated. Mr. Murdock stated that the Bureau would attempt to provide better information. He noted that approximately 22 states had operational LED programs at the present time.

Assemblywoman McClain asked for clarification regarding the LED program. Mr. Murdock said that the Bureau was working together with the Department of Labor, the Census Bureau, and the Social Security Administration to review the characteristics of the various databases, and that information would be commingled in order to offer additional information. Currently, stated Mr. Murdock, the Bureau did not have information available based on gender or race within the labor market.

Ms. McClain asked why the Department of Labor had compiled the information which it was now phasing out. Mr. Murdock explained that the current published information was from a national survey, the Current Employment Statistics (CES) program. Mr. Murdock said that in Nevada, approximately 900 households had participated in that survey, which provided very limited and undependable information. The information from the LED program would include tracking of cities and counties that was not currently available.

Ms. McClain stated that she hoped accurate information would be collected, particularly regarding gender issues in the workplace, because the State should stay on top of that issue.

Assemblywoman Giunchigliani said the newspaper article referenced by Mr. Hogan indicated that the urban Chamber of Commerce had completed a comparison census-to-census regarding gender issues, and had looked at the public sector versus private sector, with the private sector ahead of the State in that area. Ms. Giunchigliani explained that a task force had actually been formed several years ago to specifically review the Nevada Department of Transportation (NDOT) regarding gender issues. Unfortunately, gender issues were also created when many Hispanics were entered on employment lists as Caucasian. Ms. Giunchigliani stated she was tired of women generally being the "flag persons" on construction projects, rather than actually doing the more difficult jobs, such as digging ditches or running heavy equipment. Ms. Giunchigliani believed the equation should include the Apprenticeship Council, in order to ascertain the gender of apprentices in some of those areas. She also believed the LED report would be very helpful. Ms. Giunchigliani opined that the next step beyond that report was still unknown, but the area should be discussed at some point.

Assemblyman Denis referenced performance indicator number 4, percent increase in use of workforce and career information through the Internet, and noted that the projection for FY2004 was 36 percent, but the actual had been 193 percent. He asked for clarification. Mr. Murdock stated that a new system had been brought online, along with the new Nevada Workforce Informer system, and the Bureau had marketed that program through the marketing plan. The effort with the new system tremendously increased the Bureau's statistics. Mr. Denis asked whether the Bureau anticipated a normal percentage in the future. Mr. Murdock said the Bureau was looking at 30 percent for the upcoming year and anticipated maintaining a 5 percent growth rate, which correlated to population growth.

Ms. Baker advised that Ms. Parven would present the budget for the Equal Rights Commission.

DETR, EQUAL RIGHTS COMMISSION (2580)
DETR 23-28 Volume II

Lynda Parven, Administrator, Nevada Equal Rights Commission, introduced herself to the Committee and stated she would present BA 2580. Ms. Parven indicated that the Nevada Equal Rights Commission (NERC) was responsible for processing complaints of discrimination in employment and public accommodation when based upon race, color, national origin, religion, gender, age, disability, or sexual orientation.

Ms. Parven said the NERC had four performance indicators:

- Number 1: "Percent of cases perfected." The perfection process dealt with the NERC's intake process, and encompassed the period of time from when a complaint "entered the NERC's door," to when it was processed and prepared by staff and the complainant actually came in and signed and swore to it. The goal was to have 77 percent of the cases perfected within 15 working days, and the actual was 80 percent. The NERC had accomplished that by dedicating resources specifically to the intake process, which had been problematic in past years and had taken an extraordinary amount of time. The NERC believed the problems in that area had been solved.
- Number 2: "Percent of cases open 270 calendar days." The performance indicator was put into place in conjunction with Priority Charge Handling Procedures (PCHP) passed by the 2003 Legislature. The Commission's goal was to have 65 percent of its cases finalized within 270 days or less. As of the end of FY2004, the NERC had achieved a rate of 58 percent, but by December 31, 2004, the rate had risen to 79 percent, which indicated that 79 percent of the Commission's cases were less than 270 days old.
- Number 3: "Percent of intake inquiries received via Internet." The projected goal was 10 percent, but the NERC had exceeded that percentage with a total of 30 percent of intakes being received via the Internet.
- Number 4: "Percent of cases resolved at mediation (NEW)." In conjunction with the U.S. Equal Employment Opportunity Commission (EEOC), the NERC had dedicated resources to the alternative dispute methods of mediating cases as received, in order to shorten the amount of time of processing.

Ms. Parven indicated that the Commission's budget supported 22.51 full-time equivalent (FTE) positions. She offered the following information regarding enhancement units:

- E-250: Proposed to increase the out-of-state travel to the value funded by the federal EEOC contract, and provide authority for the administrator to attend budget hearings in the second year of the biennium.
- E-251: Requested training authority for employee development.
- E-325: Proposed in conjunction with Bill Draft Request (BDR) 406. Because of the Priority Charge Handling Procedures (PCHP) that were passed via Senate Bill 450 of the Seventy-Second Legislative Session, the

NERC had become much more efficient in processing complaints of employment discrimination. The NERC now had the opportunity to provide additional services to the citizens of Nevada by entering into a contract with the U.S. Department of Housing and Urban Development (HUD). The processing of housing discrimination complaints would be 100 percent federally funded with no General Fund match required.

- E-710: Requested the replacement of personal computers (PCs), based on the DETR's five-year PC replacement program.
- E-800: Cost allocation enhancement unit.
- E-805: Requested the reclassification of 15 positions. The Commission was working with the Department of Personnel regarding the request.
- E-811: Represented the change to unclassified service, which affected two positions within the Commission. The change would increase the rate of pay for the administrator and change the assistant administrator position from classified to unclassified.

Ms. Parven said that concluded her budget presentation and she would be happy to answer questions from the Committee.

Chairman Arberry referenced Enhancement Unit E-325, regarding housing discrimination complaints, and asked about the status of the remedies for discriminatory housing practices. Ms. Parven advised that a copy of the aforementioned BDR 406 had been received by the Commission the previous evening at approximately 11:30 p.m. from the Legislative Counsel Bureau's (LCB) Legal Division with draft changes. The NERC would commence review of the BDR immediately to ensure that the language met the requirements of HUD.

Assemblywoman Giunchigliani asked what impact acceptance of HUD housing complaints would have on the Commission's resource level regarding individuals who filed work-related complaints. Ms. Parven stated that because of the PCHP, the Commission's employment discrimination caseload had dropped dramatically. Ms. Giunchigliani asked, even though the caseload had already dropped dramatically, if it would drop further because of the HUD housing complaints. Ms. Parven replied that the NERC would continue to accept employment discrimination cases as they "came in the door" and continue to process those cases.

Ms. Giunchigliani asked whether housing complaints or employment complaints would be the Commission's top priority. Ms. Parven stated that all discrimination cases would receive priority. Ms. Giunchigliani again asked which type of complaint would be the Commission's top priority; would it be housing complaints because of the federal requirements and dollars, or employment complaints, or sexual harassment complaints. Ms. Parven emphasized that the NERC would dedicate staff for the housing complaints and different staff would be dedicated for employment and other complaints. Ms. Giunchigliani wondered which one would take precedence. She believed that the Committee should see a flow chart regarding how the NERC allocated employee time and resources.

Ms. Parven stated that she would provide the requested flow chart. She explained that during the first 3 years of the contract with HUD, the Commission's staff would be in a training mode and would not be solely responsible for housing complaints. Those complaints would be jointly investigated as received.

Ms. Giunchigliani asked if an individual filed a housing complaint in Las Vegas, would that individual notify the NERC rather than the HUD authorities. Ms. Parven advised that at the current time, such complaints would be made directly to HUD. Ms. Giunchigliani said it appeared that complaints would be handled by HUD and the NERC during the training mode. Ms. Parven stated that was correct. Ms. Giunchigliani asked about the project time line for accepting claims, responding to claims, and investigating claims. Ms. Parven reported that housing complaints for HUD contracts must be processed within 100 days, unless there was an exception and justification. Ms. Giunchigliani asked whether "processed" meant reached a conclusion and recommendation with a letter to sue. Ms. Parven stated the claim would either be concluded based on a finding or a mediated settlement. Ms. Giunchigliani asked whether letters were issued to sue, similar to those issued in sexual harassment cases. Ms. Parven stated such letters were not issued in HUD housing complaints.

Ms. Giunchigliani asked for clarification regarding the type of findings. Ms. Parven stated that part of the training process would include the type of findings. She could not provide that information at the present time because she had not completed the training. She advised that HUD issued findings and persons could go to court and were not required to have a "right to sue" in housing complaints.

Ms. Giunchigliani asked how individuals living in Section 8, or other HUD housing, would be informed of the changes and where to file complaints. Ms. Parven said part of HUD's training grant of $115,000 per year would be utilized for public information. Ms. Giunchigliani asked for a breakdown regarding how the $115,000 grant would be used by the NERC. Ms. Parven replied that she would provide that information. Ms. Giunchigliani asked that the information include costs for staffing versus public information.

Ms. Giunchigliani noted that there had been a major problem several years ago with the NERC concerning the backlog of complaints. She did not believe there should be changes made that would impact any areas of complaint handled by the NERC. Ms. Giunchigliani pointed out that the main priority of the Commission was employment matters, as indicated in its mission statement. Ms. Giunchigliani said that often when grant funding became available, such as the HUD grant, other programs were often set aside, and she did not want the NERC to lose sight of other types of complaints.

Chairman Arberry asked, "How are you doing, and how are things at the Division." He noted that during past sessions, the Administrator for the Equal Rights Commission had been chastised by the Committee to the point that a recess had been necessary. The point was that he wanted to know how the NERC was functioning and how staff were handling their duties. Chairman Arberry pointed out that quite often there was not enough staff, or divisions did not have adequate computers, along with other problems. He simply wanted to know how things were at the NERC.

Ms. Parven said that at the end of June 2003, the average processing time for complaints was 367 days, which was extreme and unreasonable. As of December 31, 2004, the average case processing time was 168 days, and as of the past Friday [February 11, 2005], the average time was 148 days. Ms. Parven stated that the average amount of time it took the NERC to process a case was now less than 5 months. The Priority Charge Handling Procedures (PCHP) passed by the 2003 Legislature had made a dramatic difference to the NERC in that it was able to take the more egregious cases seriously, rather than dealing with the cases of repeat filers who sometimes filed as many as 25 cases every day. Ms. Parven said the PCHP had allowed the NERC to utilize its resources in a much more efficient manner.

Chairman Arberry indicated that he simply wanted to know whether the NERC was lacking in such areas as staff and/or computers. He stated he was not trying to put Ms. Parven "on the spot," but the Committee wanted to make sure that the NERC was not viewed as a "joke," and an agency that did not serve all the people. He believed that concept would make some people leery of filing complaints. Chairman Arberry asked that Ms. Parven inform the Committee if help was needed.

Assemblyman Hogan said he was both pleased and concerned. He was pleased that the NERC had made such progress in reducing the time required to conclude complaint investigations. His concern was that quite often agencies at the federal level that suffered backlogs would look for solutions such as "opening the window on a windy day" and then counting the number of cases that remained. Mr. Hogan asked whether the NERC could provide data that explained the change in the rate of findings, such as cases where the NERC did not have jurisdiction, or a change in the ratio of cases where merit was found in the complaint, and those where no merit was found. He also asked for information pertaining to the type of relief offered complainants. Mr. Hogan hoped there might be internal statistics available rather than commencing a new study; he asked whether that information would be available to the Committee. The information would offer some comfort to the Committee that the backlog had not been reduced by pushing cases through rapidly with findings of no jurisdiction or no merit.

Ms. Parven indicated that the NERC currently utilized a computer program that determined the manner in which cases had been closed. However, she explained, part of the PCHP, which mimicked the federal EEOC program, was to weed out cases that had been received and deemed not meritorious. Because of that, Committee members would see an increase in the number of cases that were closed with a finding of "no probable cause." Mr. Hogan opined that perhaps when the Committee received the numbers, it could determine whether that was an area of concern.

Assemblywoman Giunchigliani asked that the information also be broken out by public institutions where egregious behavior might be occurring, which could lend itself to additional training for staff at those entities. She asked whether the NERC tracked such information in order to observe where there might be continual problems, not necessarily with a specific person or complaint, but a pattern of complaints. Ms. Parven said that when the NERC issued a finding of probable cause, the agreement with the employer contained a statement that the NERC would provide training for that employer's staff in areas affected by the finding. There was not a way to systematically keep track of employers as "guilty parties," so to speak.

Ms. Giunchigliani stated she would like to talk to Ms. Parven after the meeting because she had actually been involved in a sexual harassment case during the past year, and that case had involved an institution which she believed had also had other problems. Ms. Giunchigliani said that, unfortunately, certain issues of that case had been delegated to other authorities and she wondered about the issue of jurisdiction. Ms. Giunchigliani asked about the NERC's jurisdiction in cases where a business employed less than 15 persons. She asked whether there was anything that could be done to assist persons, separate from federal requirements, who worked for small businesses.

Ms. Parven indicated that persons could initiate a civil claim via a tort claim, but nothing could be done through governmental entities if the business had fewer than 15 employees. Ms. Giunchigliani opined that "discrimination" was "discrimination," and she could not understand why a threshold had been placed regarding the number of employees. She asked whether the NERC was prohibited from handling cases for employees of businesses with fewer than 15 employees. Ms. Parven explained that the NERC did not have jurisdiction over employers with fewer than 15 employees and could not handle complaints of discrimination, but the Commission could still provide training to those smaller businesses.

Chairman Arberry referenced Decision Unit E-805, which recommended reclassification of 15 compliance investigator II positions, and asked whether those positions had been compared with others in state government in order to recommend the reclassification. Ms. Parven explained that there were different positions throughout state entities that had similar duties, such as personnel analysts within the Department of Personnel who were classified at a grade 36, and the equal employment officers throughout various state departments who were classified at a grade 37. The NERC was simply recommending equity between the positions.

Chairman Arberry announced that the Committee would take a short recess. The Chair called the Committee back to order at 9:29 a.m. and opened discussion on BA 3268. Ms. Baker introduced Michael Coleman, Administrator, Rehabilitation Division, DETR, who would present the budget for that Division.

DETR, REHABILITATION ADMINISTRATION (3268)
REHAB 1–7 Volume II

Mr. Coleman introduced himself to the Committee and indicated that he had served as Administrator for the Division for over 1 year, and had come to the position with a strong professional educational background in workforce development. Mr. Coleman stated that he believed in customer-focused, performance-based services. He said he would like to talk briefly about the Rehabilitation Division before commencing with the budget presentation.

Mr. Coleman stated that the Division was composed of three bureaus:

1. The Bureau of Vocational Rehabilitation
2. The Bureau of Services to the Blind and Visually Impaired, which also included the Blind Enterprise Program
3. The Bureau of Disability Adjudication

According to Mr. Coleman, vocational rehabilitation services were delivered within the Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind and Visually Impaired, where the Division worked with customers whose disabilities were barriers to employment. Mr. Coleman said the Division worked with customers to assess their skill levels and abilities, and to develop a plan for employment with each. The Bureau of Disability Adjudication processed applications for Social Security Disability Income (SSDI), and Supplemental Security Income (SSI).

Mr. Coleman reported that Division staff consisted of 230 employees, who served 6,000 Nevadans through the Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind and Visually Impaired. The Division processed approximately 25,000 applications per year through the Bureau of Disability Adjudication.

Mr. Coleman said the Rehabilitation Division had total resources of approximately $35 million, which were received primarily from federal sources, such as the Social Security Administration and the Office of Special Education and Rehabilitation Services within the U.S. Department of Education. The General Fund allocation was also vital to the vocational rehabilitation grant.

Mr. Coleman believed that the Committee would realize there was work still to be done as he reviewed the performance indicators. The Division had taken steps to improve its performance in service delivery and was building a team of top notch professionals, such as the Division staff he introduced to the Committee, who would assist him with budget presentations:

- Cecilia Colling, Chief of Operations
- Gayle Sherman, Chief of Program Services
- Kraig Schutte, Chief, Bureau of Disability Adjudication

According to Mr. Coleman, the Division was a vital partner in the Nevada JobConnect system and had placed staff in all JobConnect offices. He indicated that the Division was working to expand its presence with the Southern Nevada Workforce Investment Board in Las Vegas. Mr. Coleman stated the Division was looking for ways to be more customer-focused, and was also trying to address the booming customer base in the Las Vegas area. The Division had invested in a state-of-the-art case management system, the aforementioned Rehabilitation Automated Information Systems of Nevada (RAISON) system, which was a case management system that allowed the Division's front line staff to be more productive.

Mr. Coleman said the Division was also working to discover ways to serve transition students throughout Nevada. The Division was working hard to re-engineer its services to make them more customer-focused and performance-based.

Commencing with his budget presentation, Mr. Coleman stated that BA 3268, Rehabilitation Administration, contained 5 FTE positions. The Division provided essential services to people with disabilities, and helped them find work and live independently. He reiterated that the Division contained three bureaus:

1. The Bureau of Vocational Rehabilitation
2. The Bureau of Services to the Blind and Visually Impaired
3. The Bureau of Disability Adjudication

Mr. Coleman offered the following information regarding performance indicators:

- Number 1: "Percent of clients satisfied with timeliness and service provision." Customer satisfaction fell short by 9 percent of the goal, which was attributable to the Division's high vacancy rate.
- Number 2: "Number of Nevada JobConnect offices with permanent rehabilitation personnel." The Division currently staffed 10 JobConnect offices, and was working to expand its presence in FY2006.

Regarding enhancement units, Mr. Coleman stated that E-250 contained an augmentation for out-of-state travel for the administrator or his designee for meetings with the Federal Rehabilitation Services Administration. Mr. Coleman reported that he had been elected to serve on the Board of Directors of the Council of State Administrators of Vocational Rehabilitation (CSAVR), representing Region 9, which encompassed Nevada, California, Arizona, Hawaii, and the Pacific Territories. That allowed him to be part of discussions with other states and also participate on a national level. Mr. Coleman said the Board of Directors met a number of times per year and the CSAVR held two conferences per year. The requested resources would allow Mr. Coleman to attend those meetings and conferences, and would also allow him to travel throughout Nevada rather than remaining in Carson City. Mr. Coleman believed such travel would allow him to learn more about the challenges that faced the other offices and work more closely with staff.

Mr. Coleman stated that Enhancement Unit E-256 contained an augmentation that would move two employees from the Belrose office in Las Vegas to the new DETR administration building.

Chairman Arberry referenced Enhancement Unit E-806, which recommended funding of $3,453 each year of the biennium to maintain a 5 percent differential between the administrator's salary and staff. That amount appeared to be duplicated in E-811, and Chairman Arberry asked for clarification.

Ms. Baker explained that when the budget had been compiled, an increase had been recommended for the salary of the Rehabilitation Division Administrator, but with the Governor's unclassified proposal, the request had been duplicated in Enhancement Unit E-811. She further explained that an adjustment would be required between the two enhancement units. Ms. Baker advised that the adjustment had been provided to the Budget Office and to LCB Fiscal Division staff. She reiterated that the two units would be combined, which would result in the accurate salary for the administrator.

Chairman Arberry asked whether there were further questions from the Committee, and there being none, he asked Mr. Coleman to continue his budget presentation.

Mr. Coleman indicated that Mr. Schutte would present BA 3269. He reiterated that the Bureau of Disability Adjudication processed applications for Social Security Disability.

DETR, DISABILITY ADJUDICATION (3269)
REHAB 8–15 Volume II

Kraig Schutte, Chief, Bureau of Disability Adjudication, introduced himself to the Committee, and explained that the Bureau was the designated state agency to process claims for disability under Title II and Title XVI of the Social Security Act, which included Social Security Income (SSI) and Social Security Disability Income (SSDI). The Bureau worked in partnership with the various offices of Social Security. Mr. Schutte explained that claims were received at local field offices in North Las Vegas, Las Vegas, and Reno, and were forwarded to the Bureau, where the evidence was developed and analyzed and a determination was made by Bureau staff regarding eligibility.

Mr. Schutte advised that the program was federally funded 100 percent. As such, the Bureau submitted a spending plan/proposal every fiscal year to the Social Security Regional Office in San Francisco, which articulated the Bureau's need for resources and what it believed would be needed to process its workload. Mr. Schutte stated that, unfortunately, despite all efforts, the Bureau continued to have a fairly significant backlog of claims, which contributed to the Bureau's failure to meet its performance indicators.

Mr. Schutte indicated that he would review the performance indicators contained in The Executive Budget.

Number 1: "Cases per FTE for all FTEs." The Bureau was not able to achieve the level of 319 designated in the budget. It had, however, come in with a figure of 308, which was sufficient for a ranking of fourth in the country. There were only a handful of states that had achieved that level of productivity. Mr. Schutte said that despite not meeting the projected number of 319 cases, the Bureau felt that 308 cases was a fairly significant achievement.

Number 2: "Mean processing time – SSDI, in days;" and Number 3: "Mean processing time – SSI, in days." The Bureau had missed the target by 2.2 days for Title II (Number 2) and by 4.5 days for Title XVI (Number 3). That was largely related to a fairly significant backlog in 2004, when the Bureau experienced significant staff turnover and the claim backlog grew to approximately 1,100 cases. The major factor in determining processing time was the Bureau's ability to quickly assign cases to its adjudicators, so that they could actively manage the cases.

According to Mr. Schutte, in 2004, the Bureau had experienced a delay of approximately 60 days because there had not been enough adjudicators to promptly assign the cases. Ideally, said Mr. Schutte, the Bureau would assign those cases within a 2-week period. He explained that assigning cases had become the Bureau's major priority for the remainder of 2004, and significant headway had been made in terms of reducing the initial case backlog. By June 2004, the backlog had been reduced to approximately 400 cases, which was the lowest it had been in the 3 years Mr. Schutte had been with the Bureau. At the same time, stated Mr. Schutte, the Bureau was able to substantially reduce its processing time, which had been approximately 90 days, to 72 days in June 2004, which was sufficient for a ranking of twelfth in the country. By September 2004, the time had been reduced to 69 days for Title II cases and 72 days for Title XVI cases. Mr. Schutte stated the Bureau had made significant progress during 2004.

Number 4: "Decision accuracy." The accuracy standard of 97 percent was set by the Social Security Administration, and was a measure of "net decisional accuracy," which was primarily the accuracy of the decisions made by Bureau staff. Although the Bureau had not achieved the 97 percent accuracy, the actual had been 96 percent for the year. For the June and December quarters the Bureau had achieved 98.6 percent accuracy, which ranked Nevada among the top 3 states in the country. Unfortunately, the Bureau had been unable to sustain that percentage of accuracy for the entire year.

Mr. Schutte noted that case backlog had been a "fact of life" in dealing with the workload of the Bureau, and much effort had been expended in reduction of the initial case backlog because it primarily impacted customer service.

According to Mr. Schutte, Social Security had authorized the Bureau unlimited overtime to work during the latter part of the year. Mr. Schutte explained that supervisors had accrued overtime working on assigned caseloads, and adjudicators had been assigned additional cases. He explained that staff from the federal Disability Unit in California, who had been helping the Bureau process the continuing eligibility claims, which reviewed persons already on the rolls, had been pulled from Nevada to assist the state of Arizona. Mr. Schutte stated the Bureau had incurred a flood of new claims beginning May 2004, and so a great deal of the effort in terms of reducing the total backlog had been "wiped out" over a 4-month period, which was sometimes unavoidable. He said that the Bureau had been able to reduce the initial claims and reconsideration claims, which was the first level of appeal, but were unable to continue because the number of new claims had skyrocketed. Mr. Schutte informed the Committee that the current backlog was approximately 2,400 cases out of a pending workload of approximately 6,400 cases.

Chairman Arberry noted that the Bureau was requesting 17 new positions in the upcoming biennium. Mr. Schutte stated that was correct. Chairman Arberry asked for further information regarding the positions and the effect they would have on the Bureau's caseload.

Mr. Schutte reported that in preparation of the budget, the Bureau had worked with staff from the Social Security regional office in San Francisco, who had reviewed the workload experience over the past 5 years and discovered a 5 percent to 8 percent increase of the annual rate. That was how the Bureau had budgeted for the expected increase in claims for FY2006-07. Mr. Schutte said it had also been determined that to handle and maintain those caseloads would require 17 new positions. That was the reason the Bureau had included E-251 in its budget, and Mr. Schutte advised that none of the positions would be filled until the Bureau received funding from Social Security.

Mr. Schutte stated that previously, the Bureau had hired experienced adjudicators from out of state, and that was still done on an occasional basis when persons expressed an interest in relocating to Nevada. However, over the past 2 years, the Bureau had put forth a major training effort, which consisted of four training classes for its professional adjudicators. Mr. Schutte indicated that the training required a lot of time and took resources away from the usual processing of work. Generally, the classroom training time was approximately 10 to 12 weeks, where individuals spent time in the classroom, would then work with a limited number of cases, and would finally be assigned to a training unit. Mr. Schutte explained that was also a change for the Bureau because individuals had previously been assigned to one of the units for training. The Bureau had formed a separate training unit where individuals could receive appropriate monitoring and support as they moved through their probationary period and beyond.

Mr. Schutte informed the Committee that another major initiative it was embarking on at the present time was the preparation for electronic processing. He emphasized that would be a major initiative of the Social Security Administration, and the Bureau would be able to process initial claims and reconsideration claims in an electronic folder without using paper. Mr. Schutte said the Bureau would receive that initiative shortly, and it had commenced with testing of the hardware and software that had been installed in its offices. Assuming that testing went well, Mr. Schutte believed the Bureau would begin to process some cases electronically on March 7, 2005. It was the Bureau's goal to complete the roll-out of the initiative by June 30, 2005, if all went well.

Mr. Schutte noted that when an extremely complex new program was initiated, there were many connections that had to work together in sync for the program to run smoothly. The Bureau would monitor the roll-out process to see if there were any major glitches and would measure the impact on productivity. Assuming the process went well, Mr. Schutte said the Bureau would continue the rollout process.

According to Mr. Schutte, Social Security would be required to certify the Bureau's system to ensure that everything previously received on paper was being captured in the electronic folder. Once the Bureau was certified, it would be allowed to process cases using the electronic process. Mr. Schutte advised that the Bureau expected a loss of time in productivity as staff learned and adjusted to the new software. All the Bureau's adjudicators and its medical and psychological consultants would be working from a computer screen. There were ergonomic issues that Social Security had not yet addressed, and Mr. Schutte explained that Social Security was running pilot programs, using various sizes of monitor screens, as well as two screens. The issue was having sufficient space on the monitor for adjudicators to take notes as they reviewed medical evidence and highlight critical information for their use and for the medical and psychological review.

Chairman Arberry referenced Decision Unit E-811, which recommended reclassification of hearing officer positions and senior physician positions. He asked Mr. Schutte to provide an explanation of that decision unit. Mr. Schutte stated that the reclassification had been proposed by the Governor in an attempt to align positions throughout the state for consistency. The Bureau was impacted because it had two hearing officer positions, one that served northern Nevada and one that served southern Nevada. Mr. Schutte stated that the Bureau also had four classified physician positions, two of whom worked on a full-time basis and two on a part-time basis. He believed it was a statewide proposal.

Chairman Arberry asked whether there were further questions from the Committee, and hearing none, closed the hearing on BA 3269. The Chair opened the hearing on BA 3265.

DETR, VOCATIONAL REHABILITATION (3265)
REHAB 16–24 Volume II

Mr. Coleman stated that he would provide the overview for BA 3265, and Ms. Sherman would then address specific budget items.

Mr. Coleman said the Bureau of Vocational Rehabilitation had 96 FTE positions, and its mission was to bridge the gap from disability to employment, and provide services for persons with disabilities to help them work and live independently. Bureau staff was located within 2 districts and 13 offices throughout the state, and provided counseling, guidance, testing, assisted technology, and other supportive services for disabled individuals who were attempting to find employment.

Gayle Sherman, Chief, Program Services, Rehabilitation Division, introduced herself to the Committee and stated she would address the performance indicators for BA 3265.

Number 1: "Number of closures into competitive employment." Competitive employment meant the client had been employed for at least 90 days with a wage of at least $5.15 per hour or more, for at least 30 hours per week in an integrated work setting. Although the goal had not been met for FY2004, performance in that area was improving. For FY2003, the total number of placements achieved for both the Bureau of Vocational Rehabilitation (BVR) and the Bureau of Services to the Blind and Visually Impaired (BSBVI) was 881, with 762 BVR placements and 102 BSBVI placements. For FY2004, there had been 1,000 total placements, with 885 placements for BVR and 115 placements for BSBVI.

Ms. Sherman noted that for the past several years there had been difficulty in filling rehabilitation counselor positions. The lack of full staffing contributed to lower numbers of competitive placements. In order to address that situation, strategies for retention and recruitment of rehabilitation counselors had been developed. Ms. Sherman advised that the strategies included:

- Promoting from within
- Utilizing national recruitment techniques via the Internet
- Posting positions with certified Council on Rehabilitation Education (CORE) master's programs
- Offering accelerated rates of pay to experienced candidates
- Increasing grade levels of rehabilitation counselor positions through a recently completed occupational study

In addition, stated Ms. Sherman, the UNLV had recently been certified as a CORE facility and offered a master's degree in rehabilitation counseling. She believed that working with the UNLV to attract qualified candidates would be a wonderful opportunity.

Ms. Sherman said the implementation of the aforementioned strategies had enabled the filling of 17 positions in the Bureau of Vocational Rehabilitation since October 2004. She indicated that 11 of the positions were rehabilitation counselors. Currently within the Bureau of Vocational Rehabilitation there were 3 rehabilitation counselor vacancies. With the filling of so many vacancies, the next priority was training of new staff. Ms. Sherman stated that 26 percent of all rehabilitation counselors had been with the Rehabilitation Division for less than 1 year, and it took approximately 6 months for a counselor to build a caseload and create plans that resulted in competitive employment.

Per a recent Rehabilitation Services Administration (RSA) audit, which used 2001 data, Ms. Sherman noted that the average time from application to placement in Nevada was 2.5 years. Nationally, the average time was 3.5 years. Ms. Sherman explained that there was a significant lag between becoming fully staffed and increasing competitive placements.

Another factor which affected placement was the tremendous growth in Las Vegas. Ms. Sherman stated that higher demands for services had resulted in larger caseloads for southern district counselors, which had a negative impact on services. To address that growth, the number of rehabilitation counselors in Las Vegas had been increased by the transfer of positions and the reclassification of non-counselor positions into rehabilitation counselor positions. Ms. Sherman said that in all, the southern district had gained four new rehabilitation counselor positions through reclassification and transfers. Ms. Sherman advised that all the strategies were ongoing and were geared toward increasing quality and quantity of services provided.

Ms. Sherman continued her presentation regarding performance indicators.

Number 2: "Percent of clients exiting VR in full-time competitive employment with medical insurance through work." The projected goal for FY2004 was 80 percent, and the actual was 65 percent. In Nevada, per the Bureau of Labor Statistics, 70 percent of all employees had health care coverage through their employers, and it appeared that a review of the appropriateness of Performance Indicator Number 2 might be in order. Nationally, according to a recent RSA audit using 2001 data, Nevada was ranked second for the number of clients who were placed in positions with health-care coverage.

Number 3: "Average hourly earnings at closure for clients with competitive employment outcomes." The projected goal for BVR was $11 per hour and the actual was $9.49 per hour. When clients came to the Division for assistance, they were attempting to re-enter the labor market or, in some instances, enter the labor market for the first time. When clients were competitively placed they received entry-level wages, which was usually lower initially, but would increase with time. Per the Department of Labor Statistics, the average entry-level wage for all Nevadans in all occupations and industries was $7.95 per hour. According to the recent RSA audit using 2001 data, Nevada ranked tenth in the nation for percentage of placements over minimum wage.

Number 4: "Percent of clients served from ethnic minority population." The indicator had been exceeded by 1 percent.

Number 5: "Number of school-aged youth served." The projected goal for FY2004 was 875 and the actual was 857.

Assemblyman Denis referenced Performance Indicator Number 4, and asked how persons found out about the services offered through the Bureau of Vocational Rehabilitation (BVR), and he also asked what that indicator addressed. Ms. Sherman stated that the BVR had stationed vocational rehabilitation counselors in 10 Nevada JobConnect offices throughout the state. In many instances, clients were referred through visits to the JobConnect offices where, based on their needs, they would be referred to the BVR. Ms. Sherman said the BVR also maintained a strong relationship with advocacy groups, and those groups would provide information to individuals regarding the services provided by the BVR.

Mr. Denis asked whether services were provided to persons who spoke a language other than English. Ms. Sherman stated the BVR did have some Spanish-speaking staff and it was attempting to increase its bilingual staff. In order to better meet the needs of all persons, the Bureau offered training in Spanish to its counselors. Mr. Denis asked about Hispanic groups the BVR worked with. Ms. Sherman stated the Bureau had connections to the Hispanic community in order to better serve those clients.

Under Performance Indicator Number 5, Mr. Denis asked what services were offered to school-aged youths. Ms. Sherman noted there was a subcommittee called the Transition Forum from the Governor's Council on Rehabilitation and Employment of People with Disabilities. That subcommittee was charged with providing the BVR with advice regarding how to better serve disabled school-aged youths. The subcommittee, the Department of Education, and the BVR were all working together to identify and gather referrals from high school special education counselors. Ms. Sherman stated that in Las Vegas, the BVR had four counselors who dealt exclusively with transition caseloads, and it also had a counselor designated for every high school within the state, in order to provide outreach, training, and assistance with educational planning.

Mr. Denis said it appeared that the actual number of students served for FY2004 under Performance Indicator Number 5 was 857, and he asked whether there was a backlog in that area. Ms. Sherman believed that the BVR could do more to identify students with disabilities, and it was working toward identification of students through the school districts and through improvement of the referral method. Basically, said Ms. Sherman, the BVR received referrals from the school districts and then provided services to those referred students. It was very important for the BVR to have a seamless working relationship with the Department of Education. Ms. Sherman noted that there were a large number of students enrolled in special education and the BVR was only serving a portion of those students, however, she pointed out that not all special education students needed those services.

Assemblywoman Giunchigliani noted that the BVR's "Section 110" federal funding had been underutilized, and she asked for an explanation. Mr. Coleman explained that the underutilization of the Section 110 dollars was of great concern to the Rehabilitation Division. He believed it was because of the vacancy rate and the fact that the Bureau of Vocational Rehabilitation did not have front line staff to provide the services. Mr. Coleman stated he had attempted to address the vacancy problem over the past year.

Ms. Giunchigliani said that review of the figures from 2000 through 2004, indicated that underutilization of the Section 110 dollars was an historical problem. She wondered if the Legislature should continue providing the matching funds if the BVR continued to underutilize the grant dollars. Mr. Coleman believed the need was there for both the state and federal dollars. Ms. Giunchigliani advised Mr. Coleman that the BVR would have to justify the need for the matching state dollars, because the Committee did not see the need and was unaware of the Bureau's plan for those funds.

Ms. Sherman explained that for the current fiscal year, with 58 percent of the year elapsed, the BVR had spent 68 percent of the Section 110 dollars. Ms. Sherman believed that even though that had historically been a problem area, the steps the BVR had taken to address vacancies was beginning to improve the allocation and use of funding. Ms. Giunchigliani stated she was pleased to hear that for the current year the BVR had expended 68 percent of the funds, but she asked what assurance the Committee had that additional General Fund matching dollars would result in expenditure of the program funding. She asked the BVR to present a proposal regarding the Section 110 dollars to the joint subcommittee.

Ms. Giunchigliani referenced Enhancement Unit E-250 and asked about staff training. Mr. Coleman indicated that because of the number of new staff the BVR considered training a priority, and the resources requested in E-250 would be utilized to address that need. Ms. Giunchigliani noted that the amount requested currently exceeded the Bureau's standard, and she asked about the cost of training per employee. Mr. Coleman explained that there was $110 per FTE position currently in the budget, and there were additional federal grant funds that the BVR was allowed to use for training. Ms. Giunchigliani asked whether there was a match required for the federal grant. Mr. Coleman replied that no match was required. Ms. Giunchigliani indicated that the request for $110 per FTE position would be from the General Fund, and she asked how many employees would utilize the requested $26,000. Mr. Coleman explained there were 46 rehabilitation counselors and support staff. Ms. Giunchigliani asked for a breakdown from the BVR regarding training costs. Mr. Coleman advised he would provide that information.

Ms. Giunchigliani asked about the reserve and whether it included a General Fund appropriation. Martin Ramirez, Chief Financial Officer, DETR, explained that the reserve within BA 3265 was 100 percent federal funds. The reserve consisted of federal funding from the prior year that had been balanced forward. Mr. Ramirez stated it was primarily SSAVR (Social Security Administration Vocational Rehabilitation) reimbursement. Ms. Giunchigliani noted that the BVR normally did not have reserve it its budget account. Mr. Ramirez stated that when the account was combined with the vocational assessment centers in 2001, program income from the centers had been reserved into BA 3265.

Mr. Ramirez indicated that the Bureau had been trying to spend those funds as best it could. Historically, said Mr. Ramirez, the BVR did not reserve federal dollars. Ms. Giunchigliani stated the Committee would like to know how the BVR intended to expend the reserve over the upcoming biennium. She asked the Bureau to provide information to the joint subcommittee regarding the reserve.

Chairman Arberry closed the hearing on BA 3265, and opened the hearing on BA 3156.

DETR, OFFICE OF DISABILITY EMPLOYMENT POLICY (3156)
REHAB 25-31 Volume II

Mr. Coleman introduced Cecilia Colling, Chief of Operations, Rehabilitation Division, and advised that she would address the budget.

Ms. Colling stated that the Office of Disability Employment Policy (ODEP) was a unit within the Rehabilitation Division, which was responsible for assisting with the development of interagency employment policies and practices for people with disabilities, and coordinating the DETR's efforts with businesses to hire individuals with disabilities.

Ms. Colling said the ODEP had been established by the 2003 Legislature with the transfer of staff from the former Governor's Committee on Employment of People with Disabilities. That Committee was merged with the Vocational Rehabilitation Council and was renamed the Governor's Council on Rehabilitation and Employment of People with Disabilities. Ms. Colling indicated that the ODEP served as staff for the Governor's Council and worked with various nonprofit organizations and businesses on various disability-related activities.

According to Ms. Colling, the transition of the ODEP to DETR had been filled with challenges and opportunities. The ODEP resources had been leveraged to enhance the primary goal of the Rehabilitation Division, which was helping people get jobs. Ms. Colling stated the ODEP had assisted with projects related to development of interlocal agreements with local school districts, to help school-aged children 16 years and older transition from school to work.

Ms. Colling reported that the Social Security Administration had launched the Ticket to Work Program in the state of Nevada in FY2003-04. That Program provided incentives to private vocational rehabilitation businesses, nonprofit organizations, agencies, and employers to provide employment to SSI or SSDI recipients. The non-vocational rehabilitation entities that were authorized to participate in the Program were called "employment networks." Ms. Colling stated that the ODEP had played a major role in launching the Program by educating service providers about the benefits of the Program, and encouraging them to become employment networks.

Ms. Colling said the performance indicators were somewhat confusing, which was a result of the changing environment of the office. The ODEP had exceeded three of the four performance indicators, quite dramatically in some cases.

Chairman Arberry asked whether the ODEP received additional federal funding for assisting in the employment of persons with disabilities. Ms. Colling explained that the ODEP had several funding sources, such as: 1. The SSAVR reimbursement; 2. Section 110 grant funding; and 3. Workforce Investment Act

(WIA) funding. She emphasized that the ODEP utilized several funding sources, each with different restrictions.

Assemblywoman Giunchigliani asked whether the ODEP provided funding to the local WIA boards. Ms. Colling explained that money was provided from the WIA to work on disability issues as related to the ODEP. Ms. Giunchigliani asked whether the ODEP interfaced with the local WIA boards. Ms. Colling said the ODEP interfaced in the sense that it would advise them regarding such issues as ADA requirements and communication issues for people with disabilities.

Ms. Giunchigliani asked about the success of the merger initiated by the 2003 Legislature. Ms. Colling believed that the merger had been very beneficial, and the ODEP had seen more active participation from businesses and human resource representation from larger businesses.

Ms. Giunchigliani asked whether the ODEP would modify its performance indicators to better reflect the actual performance in the stated categories. Ms. Colling replied in the affirmative. Ms. Giunchigliani believed that would give the Committee a better picture of the overall agency. Ms. Colling pointed out that the ODEP had added a performance indicator regarding the number of vocational rehabilitation clients achieving 90 days of competitive employment.

Ms. Giunchigliani asked about the source of the WIA money and how the ODEP utilized that funding. Birgit Baker, Director, DETR, explained that WIA grant funds from the U.S. Department of Labor were approximately $15 million per year, and those funds were passed through the Employment Security Division's Budget Account 4770. Ms. Baker said the majority of the funding was allocated directly to the local WIA boards and was used by those boards to provide intensive services through the Nevada JobConnect system. The State Workforce Investment Board provided oversight for the portion of state dollars allocated to the local WIA boards.

Chairman Arberry closed the hearing on BA 3156 and opened the hearing on BA 3258.

DETR, CLIENT ASSISTANCE PROGRAM (3258)
REHAB 33-36 Volume II

Mr. Coleman explained that BA 3258 included 2 FTE positions. The Client Assistance Program was a federally mandated program that utilized federal resources and assisted clients of rehabilitation programs, such as vocational rehabilitation and independent living. Mr. Coleman stated the Client Assistance Program provided a number of services to help clients progress toward their goals.

Assemblywoman Giunchigliani advised that the Committee had no budget questions regarding BA 3258, and asked Mr. Coleman to provide information to the joint subcommittee regarding how individual groups were informed about available services.

The Chair closed the hearing on BA 3258 and opened the hearing on BA 3254. Mr. Coleman advised that Ms. Sherman would present BA 3254.

DETR, SERVICES TO THE BLIND AND VISUALLY IMPAIRED (3254)
REHAB 37–44 Volume II

Ms. Sherman said the projected goal for FY2004 was 80 percent for Performance Indicator Number 2, "Percent of clients receiving medical insurance through work," and the actual was 57 percent. She believed that the same factors pertinent to the performance indicators for the Bureau of Vocational Rehabilitation were also pertinent to the performance indicators for Services to the Blind and Visually Impaired. Ms. Sherman stated that there had been the same difficulty in terms of placement and recruitment of staff. The performance indicator regarding the average hourly earning for closures with competitive employment was projected at $11 and the actual rate was $10.62. Ms. Sherman noted that the goal of 28 percent was exceeded by 4 percent in the area of the percentage of all clients served from ethnic minority populations.

Regarding Performance Indicator Number 5, "Number of school-aged youth served annually," Ms. Sherman said the projection was 105 and the actual number was 56. Services to the Blind and Visually Impaired had dedicated 4 transition counselors to aid school-aged children, but Ms. Sherman believed that in order to increase Performance Indicator Number 5, the agency would have to work with the Department of Education to identify children who were visually impaired, as those children did not always appear in special education classes.

Chairman Arberry asked whether Services to the Blind and Visually Impaired had already implemented a program with the Department of Education to identify visually-impaired children. Ms. Sherman advised that the agency was working through the transition forum, and did have four transition counselors assigned, but the piece that still had to be developed was working with the Department of Education to identify children who were visually impaired.

Assemblyman Denis referenced Performance Indicator Number 5 regarding the number of school-aged youth served annually, and he noted that the FY2004 projection had been 104, but the actual had been 56. He noted that the FY2005 projection was 110, but that number dropped to 30 for FY2006 and FY2007. Mr. Denis asked for an explanation regarding that drop. Ms. Sherman said she was not sure why the figure had dropped to 30 for FY2006 and FY2007, but she believed it was based on the population identified as special education.

Mr. Denis asked whether there would also be a drop in the number of students in special education classes. Ms. Colling said that the performance indicator dealt with the school-aged population identified as special education and who were also blind. That population consisted of approximately 100 students, but not all of those children would want or need services. Ms. Colling explained that at the time the performance indicators had been established, Services to the Blind and Visually Impaired had based the number for FY2005 on the actual population.

Ms. Colling stated the program with the Department of Education, as referenced by Ms. Sherman, would be an outreach effort to reach students who were visually impaired, which used a different criteria from special education needs. Ms. Colling stated the number of that population was unknown.

Chairman Arberry closed the hearing on BA 3254 and opened the hearing on BA 3253.

DETR, BLIND BUSINESS ENTERPRISE PROGRAM (3253)
REHAB 45–50 Volume II

Mr. Coleman stated the Blind Business Enterprise Program administered the program for blind individuals who operated vending and business opportunities on federal, state, and municipal properties. The Program served as the licensing and training agency and operated under the Randolph-Sheppard Act. Mr. Coleman said there had been challenges with the Program in the past and the Rehabilitation Division had worked very hard with blind vendors to meet those challenges.

Assemblywoman Smith asked whether the Program was fully staffed at the present time. Mr. Coleman replied in the affirmative, and stated that the team had been rebuilt over the past year. There were 5.5 FTE positions in the budget account and 4.5 had been hired during the past year. Mrs. Smith asked if the ongoing legal problems between the vendors and the DETR had been resolved. Mr. Coleman indicated that the Rehabilitation Division was making progress in the Blind Business Enterprise Program, and a number of issues had been resolved. Mrs. Smith asked that additional detail be submitted when the budget account was heard by the joint subcommittee.

Chairman Arberry closed the hearing on BA 3253 and opened the hearing on BA 4770.

DETR, EMPLOYMENT SECURITY (4770)
EDS 1–9 Volume II

Cynthia Jones, Administrator, Employment Security Division (ESD), stated that the Division was organized into two major functions, the employment service and the unemployment insurance program, commonly referred to as the UI. The UI program was a joint federal/state insurance program that provided temporary partial wage replacement to protect workers against the hardships of unemployment.

Ms. Jones said that federally funded employment service programs, administered by the Division through the Nevada JobConnect system, included:

- Public Labor Exchange
- Veterans Employment and Training Service
- Trade Readjustment Act

According to Ms. Jones, the Division also provided assistance and monitoring services to programs funded by the Workforce Investment Act (WIA), provided through the Nevada JobConnect system by local WIA boards.

Ms. Jones indicated that the Division tracked numerous indicators related to its various programs. An important indicator not published in The Executive Budget was the ratio of job seekers entering employment versus registrants receiving poor services. Ms. Jones stated that indicator measured the Division's success in assisting Nevadans in securing employment. As published in The Executive Budget for the last biennium, the Division projected that the ratio of job seekers entering employment to registrants receiving poor services, meaning they received staff-assisted services in a JobConnect office, would be 25 percent. Ms. Jones said the Division was pleased to report that 76 percent, or 47,000 of 62,000 registrants receiving services in a JobConnect office, had entered employment in 2004. With that achievement, stated Ms. Jones, Nevada tied with the state of Georgia in attaining the highest “entered employment” rate in the nation. The substantial increase was partially attributable to the Nevada economy being so robust. However, much of the increase was related to improved methods in tracking outcomes of program participants through the availability of wage data from Nevada and other states, and the change mandated by the Department of Labor in the methodology employed in calculating that type of measures.

Ms. Jones said that Performance Indicator Number 5 showed that 6 percent of contribution tax revenue was collected via electronic funds transfer. The Division established an electronic payment system in January 2001 to provide a method of electronic payment for unemployment insurance taxes. Ms. Jones indicated that the telephone system required pre-registration and offered a single method of electronic funds transfer via automated clearinghouse debit transactions. While employers could transmit quarterly summary information and payments via the telephone system, Ms. Jones reported they had been reluctant to utilize the system, as they were required to submit detailed wage information for all employees through separate means, such as paper wage listings or a magnetic medium. As a result, said Ms. Jones, the Division’s performance regarding Indicator Number 5 had not met expectations.

According to Ms. Jones, the ESD was in the process of implementing a new Internet business wage registration and reporting/payment system. The online system would offer additional payment options and provide an integrated method for both reporting and payments. Ms. Jones indicated that by expanding e-commerce options available to Nevada employers, the Division expected utilization of the electronic filing and payment system to increase substantially. The percentage of unemployment insurance contributions collected via electronic funds transfer was expected to increase to 15 percent during the current year.

Ms. Jones reported that the base budget for BA 4770 supported 395.5 FTE positions and associated operating costs. Expenditures included the pass-through of approximately $15 million in WIA funds to the local WIA boards each biennium.

Ms. Jones indicated that E-250 would provide $1.4 million for intermittent staff to address seasonal fluctuations in workload.

Chairman Arberry stated that in June 2004, the Division approached the Interim Finance Committee (IFC) with a request for $365,000 for a study regarding the development of detailed design specifications for an integrated system. Ms. Jones explained that the funding request had been for the Appeals Replacement and Enhanced Adjudication System (AREAS) project, which would modify and enhance the Division’s adjudication system. She noted that the project was currently being initiated and the Division had amended and reduced the scope of the project, based on funding concerns, to stabilization of the existing system and expansion of capabilities. Chairman Arberry asked whether the system was up and running. Ms. Jones said it was not up and running, but development of the project had commenced. Chairman Arberry asked when the enhanced system would be up and running. Ms. Jones explained it was an 18-month project that had just commenced.

Chairman Arberry asked about utility inflation for the Division, which was not included in BA 4770. Martin Ramirez, Chief Financial Officer, DETR, explained that the M-100 utilities component had been discussed by the Budget Office. As previously discussed, he would review the worksheets to determine whether it would be appropriate to include the M-100 utility component in the DETR's budgets.

Mark Stevens, Assembly Fiscal Analyst, Legislative Counsel Bureau (LCB), noted that there had been a proposal to replace the automatic appeals and adjudication system, and he asked whether that was ongoing. Ms. Jones reported that was the aforementioned AREAS project.

Chairman Arberry closed the hearing on BA 4770 and opened the hearing on BA 3226.

DETR, WELFARE TO WORK (3226)
ESD 10–11 Volume II

Ms. Jones said that BA 3226 had provided assistance to those who suffered the most significant barriers to employment. She announced that funding for BA 3226 had expired on January 25, 2004, and the account had been eliminated because the program had been terminated.

DETR, CAREER ENHANCEMENT PROGRAM (4767)
ESD 12–19 Volume II

Ms. Jones reported that the Career Enhancement Program had been created in 1989 by the Nevada Legislature to provide employment training services to unemployment insurance claimants. The 1995 Legislature expanded the Program to include all unemployed Nevadans, and Senate Bill 423 of the Seventy-Second Legislative Session had again expanded Program eligibility to include currently employed Nevadans. Ms. Jones said the ESD was pleased to report that it had met or exceeded all the performance indicators for BA 4767.

Chairman Arberry asked Ms. Jones to address the request for 10 positions, which represented a 20 percent increase. Ms. Jones stated that Enhancement Unit E-250 requested 10 new workforce services representative III positions, 7 in FY2006 and 3 in FY2007, and the associated costs, to address projected increases in the need for skilled workers and the corresponding employment and training services required to meet that need.

Ms. Jones reported that the Research and Analysis Bureau projected that approximately 90,000 new jobs would be added in Nevada over the upcoming biennium, and the workforce would increase by nearly 50,000 each year. Ms. Jones stated E-250 had been proposed to meet that need, and requested $1 million each year for employment and re-employment services for the individuals served by the Program.

Chairman Arberry asked what had been the driving force behind the request for 10 positions. Ms. Jones said the driving force behind the request was to try and match staffing levels with the expected demand for services from the Program based on the expected growth. According to Ms. Jones, there had not been growth in the Program's positions for quite sometime.

Chairman Arberry asked Ms. Jones to provide LCB staff with backup information regarding the request for 10 positions. Ms. Jones replied that she would do so.

Assemblywoman Giunchigliani asked that the information include the client base that would be assigned to each position, which would translate into the workload. Ms. Jones replied that she would provide that information.

Chairman Arberry referenced E-326, and asked whether federal funding was being discontinued. Ms. Jones said that federal funding was being discontinued for the Re-employment Services Program. That program had targeted certain unemployment claimants to come into the office and receive staff-assisted services, based on statistical models. Ms. Jones noted that the program had been extremely successful, and in 2003 the program reduced duration for those who participated in the program by an average of 1.6 weeks when compared to a similar population of unemployment insurance claimants. The program also saved the Unemployment Insurance Trust Fund $1.4 million. Ms. Jones said the ESD would like to continue the program because of its value.

Chairman Arberry closed the hearing on BA 4767 and opened the hearing on BA 4771.

DETR, EMPLOYMENT SECURITY – SPECIAL FUND (4771)
ESD 20–24 Volume II

Ms. Jones said that BA 4771 was a special revenue fund that could be used to cover expenditures for which federal funds had been requested but not yet received, and pay costs of administration of employment security laws that could not be charged against federal grants, including capital improvement projects. The sources of revenue for BA 4771 were interest forfeitures collected from employers for non-payment or late payment of unemployment taxes.

Chairman Arberry asked about the status of the plan for the Incline Village office. Ms. Jones reported that an appraisal had been done on the property and it would be sold. Birgit Baker, Director, DETR, further explained that the Incline Village office had not been utilized by the Division as an unemployment or employment service office for many years. The DETR was currently leasing that office to the Children's Cabinet of Incline Village, which used the space as a thrift store. Ms. Baker said the intent was to take the proceeds from the sale of the office and put it into the Las Vegas office building.

Chairman Arberry referenced the request within E-256 for approximately $1.3 million for furnishings and equipment for the new Las Vegas building, which was a significant increase from the amount of $850,500 presented at the September 2004 meeting of the IFC. Ms. Baker explained that the DETR had been working with architects regarding the design of the Las Vegas building. The building would house the Department's call center, and given the call center environment, architects had recommended ergonomic equipment and raised flooring. Because of that, there had been an increase in the cost of equipment, and Ms. Baker explained that the equipment would be very specialized and conducive to a call center environment. Chairman Arberry asked Ms. Baker to provide information regarding the equipment to LCB staff. Ms. Baker stated she would provide that information.

Chairman Arberry asked whether there were further questions or comments from the Committee and, there being none, closed the budget hearings for the DETR.

Mark Stevens, Assembly Fiscal Analyst, Legislative Counsel Bureau (LCB), indicated that he had information for members of the Committee. He provided members with a listing of budget accounts that would be the responsibility of the full Committee, those that would be the responsibility of the joint subcommittees in development of closing recommendations, and those that would be the responsibility of Fiscal Division staff in development of closing recommendations. He explained that the list of budgets could be changed or modified regarding hearings as determined by Committee members. Those budgets that traditionally did not contain controversial issues and the smaller budgets were historically the responsibility of staff, but Mr. Stevens emphasized that at the request of a Committee member, budget accounts could be moved to hearing status, or could be moved from hearing status to staff responsibility.

Mr. Stevens advised the Committee that he would like to have the finalized list by the end of the week, so staff would be aware of their responsibilities and would also know which budgets would be placed on joint subcommittee agendas.

Chairman Arberry explained that, historically, the Committee had assigned certain budgets to staff, so that the Committee did not become "bogged down," since it had much to accomplish within the 120-day time frame. The smaller budgets that were the responsibility of staff allowed the Committee to hear the larger budget presentations. Chairman Arberry said in the past, the Chairs of the Senate Finance Committee and the Assembly Committee on Ways and Means had determined which budgets could be allocated as staff responsibility.

Mr. Stevens asked members to review the budgets and make any changes prior to the end of the week. The list would then be finalized and members would know which budgets would be heard in joint subcommittee and which would be the responsibility of staff.

With no further business to come before the Committee, Chairman Arberry adjourned the meeting at 10:34 a.m.

RESPECTFULLY SUBMITTED:

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Carol Thomsen
Committee Secretary

APPROVED BY:

____
Assemblyman Morse Arberry Jr., Chairman

DATE:____________________________________

EXHIBITS

Committee Name: x Ways and Means

Date: x 02/14/05 Time of Meeting: x 8:11 a.m.

Bill #	Exhibit ID	Witness	Dept.	Description
	A			Agenda
	B	Birgit Baker	DETR	Map of sites