

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE  
JOINT SUBCOMMITTEE ON HUMAN RESOURCES**

**Seventy-Third Session  
March 17, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Human Resources, was called to order at 8:07 a.m., on Thursday, March 17, 2005. Chairwoman Sheila Leslie presided in Room 3137 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Ms. Sheila Leslie, Chairwoman  
Mr. Mo Denis  
Mrs. Heidi S. Gansert  
Ms. Chris Giunchigliani  
Mrs. Debbie Smith  
Ms. Valerie Weber

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Barbara Cegavske, Chairwoman  
Senator Bernice Mathews  
Senator William J. Raggio  
Senator Dina Titus

**COMMITTEE MEMBERS ABSENT:**

None

**STAFF MEMBERS PRESENT:**

Gary Ghiggeri, Senate Fiscal Analyst  
Steve Abba, Principal Deputy Fiscal Analyst  
Mark Krmpotic, Senior Program Analyst  
Carol Thomsen, Committee Attaché  
Linda Smith, Committee Attaché

Chairwoman Leslie called the meeting to order and advised that the Subcommittee would hear budget presentations from the Welfare Division.

Nancy Ford, Administrator, Welfare Division, Department of Human Resources (DHR), referenced [Exhibit B](#), "State of Nevada, Department of Human Resources, Welfare Division," and explained that she would review the material contained therein as she proceeded with her budget presentation. Ms. Ford also pointed out that the exhibit was posted on the Division's website.

Ms. Ford introduced the following staff to the Subcommittee:

- Roger Mowbray, Deputy Administrator, Administrative Services, Welfare Division
- Gary Stagliano, Deputy Administrator, Program and Field Operations, Welfare Division
- Gary Buonacorsi, Deputy Administrator, Information Systems, Welfare Division

Ms. Ford called the Subcommittee's attention to the tab entitled "Overview" within [Exhibit B](#), and explained that the Welfare Division comprised approximately 10 percent of the entire budget for the DHR. The General Fund portion of the budget funded approximately 8.85 percent of the Welfare Division's budget. Ms. Ford stated that page 3 of the exhibit provided a breakout over the biennium regarding how funding would be received by the Division, and she pointed out that 61.69 percent of the Division's budget would be funded from federal dollars for FY2006, and 59.03 percent would be funded from federal dollars for FY2007. The General Fund portion of the Division's funding for FY2006 was 29.10 percent and for FY2007, the General Fund portion was 31.92 percent. Ms. Ford reported that the balance of funding was in the "other" category, which included mainly state share of collections and universal energy charges (UEC) from the Energy Assistance Program.

Ms. Ford referenced page 4 of [Exhibit B](#), which depicted national rankings for Nevada in comparison to other states. She asked members to review that information at their leisure. Ms. Ford believed it was important to note that since Temporary Assistance to Needy Families (TANF) had taken effect, Nevada's population had grown 45 percent, and there had been limited dollars to support that growth. Suffice it to say that after the tragic events of September 11, 2001, the TANF caseload had been severely impacted and the Division had experienced some major difficulties.

Ms. Ford indicated that other pertinent facts pertaining to Nevada rankings were as follows:

- 32nd in average monthly TANF grant dollars
- 49th in welfare spending per capita
- 50th out of 51 in average monthly number of food stamp recipients as a percent of population
- 51st in per capita Medicaid spending
- 33rd in the number of working families that were working poor

Ms. Ford believed those statistics should be kept in mind as the budgets were reviewed. She advised that page 5 of the exhibit contained the organizational chart for the Division, which included the names, phone numbers, and email addresses of staff in the central office.

Chairwoman Leslie stated that she would like to return to page 4 of the exhibit to make sure that she completely understood the rankings. Regarding the statistics for food stamps, Nevada was ranked 50th out of 51, and Chairwoman Leslie said Nevada was always ranked as 50th. She remembered seeing a statistic regarding the fraud rate in the Food Stamp Program, and that Nevada made it very difficult for persons to qualify for food stamps. Chairwoman Leslie asked why Nevada was always at the bottom of the rankings.

Ms. Ford said the particular statistic contained in the exhibit referred to the State's participation rate, and had been calculated by Mathematica, Inc. She stated that the Division had attempted to determine how that percentage had been calculated, but it was extremely difficult to determine how it had been done. Ms. Ford said the statistic referred to the percentage of the State's potentially eligible population that participated in the Food Stamp Program. She pointed out that the eligibility criteria was the same nationwide because it had been established by the federal government but, for whatever reason, it appeared that poor people did not apply for the program.

Chairwoman Leslie said perhaps poor people tried to apply and were rejected. It was of concern to her because most applicants were eligible and should be receiving food stamps. Chairwoman Leslie stated that it appeared the statistic showed that eligible persons were not receiving the services, and she wondered why. Ms. Ford believed that people were simply not applying. She also noted that the Division encouraged persons to apply. Ms. Ford explained that the federal government would initiate a significant outreach campaign in the Las Vegas area over the spring and summer months of 2005, and the Division expected to see an increase in participation as a result of that campaign.

Chairwoman Leslie asked whether the actual cost of the Food Stamp Program was 100 percent federally funded. Ms. Ford said the actual benefits were 100 percent federally funded, and the administration was funded via a 50-50 split. Chairwoman Leslie reiterated that her concern was that eligible persons were not being served. Ms. Ford indicated that the Division also wanted to initiate an outreach program so that persons would apply, which would also benefit the economy because it would bring federal dollars into Nevada that would be spent here. Chairwoman Leslie pointed out that the situation had remained the same for quite sometime.

Assemblywoman Giunchigliani asked whether the Division could do presumptive acceptance of eligibility for the program. Ms. Ford explained that the rules for eligibility had been established by the federal government and did not allow for presumptive eligibility. The federal regulations were very strict and the Division had to abide by those regulations.

Ms. Giunchigliani asked whether the Division could draft regulations from time to time that also assumed eligibility. Ms. Ford indicated that the federal government would have to take that action since it was a federal regulation, and the Division did not have control over the eligibility criteria for the Food Stamp Program. Ms. Giunchigliani asked whether the Division conducted outreach in schools where parents could learn about the program, particularly the parents of children who applied for free or reduced-cost breakfasts and lunches. Ms. Ford stated that information was provided through the "PeeChee" folders handed out at the schools regarding the free breakfast and lunch program, and the Food Stamp Program. For whatever reason, said Ms. Ford, people simply did not apply and she was unsure how to address that issue.

Ms. Giunchigliani did not believe the information was arbitrarily handed out, and she remembered from her time as a teacher that children often had to sign up for the programs more than once, and the forms were not easy to understand. Ms. Ford explained that the Welfare Division did not administer the free lunch program; that program was administered through the Department of Education. Ms. Giunchigliani said the parents of those children in the free lunch program

would probably be eligible for the Food Stamp Program. She wondered whether there was a way to work that angle and provide outreach via that venue.

Ms. Ford pointed out that Nevada's Food Stamp Program population continued to increase, and it was one of the Division's caseloads that had continued to increase. Although the Division had not addressed the level of need throughout the State, it was working on the problem. She believed that the outreach campaign sponsored by the federal government would also help.

Ms. Giunchigliani asked what form the federal outreach campaign would take. Ms. Ford believed it would involve radio and television advertisements. Ms. Giunchigliani said the campaign apparently would not include making the forms easier to fill out or available in more accessible places. Ms. Ford said it was primarily to get persons "in the door" at the Division. Ms. Giunchigliani said she shared the concerns voiced by Chairwoman Leslie, and since the program was 100 percent funded via federal dollars, she wondered why the State was not tapping that resource.

Senator Cegavske asked whether there was a resident requirement prior to applying for the Food Stamp Program. Ms. Ford explained that there was no resident requirement, but a person could not receive benefits from more than one state at a time. If a person moved to Nevada, the Division would ask them if they were receiving benefits from the state they had moved from, and would verify that information with the other state. Ms. Ford said the benefits from the Nevada program would commence the month following the last benefit received from the other state. Senator Cegavske asked if the Division verified whether a person had been taken off the program in other states. Ms. Ford said that the Food Stamp Program now utilized a "swipe card," and with that card the Division could check for out-of-state use. If the card was used out of state for several consecutive months, the Division would investigate the possibility of fraud.

Senator Cegavske said it seemed that there were several different arenas where "advertising" money was available, or money to be used to solicit people into the programs, and she, along with other legislators, had a problem with that concept. It was felt that the State would be spending money for advertising that should be used for the families who needed assistance. Senator Cegavske stated that she did not think there was anyone in the nation who did not know about welfare programs and how to access those programs. She asked for information regarding how much money the State was spending to hire advertising agencies, and which programs within the Division's budgets used advertising money. Senator Cegavske indicated that she would like Michael Willden, Director, Department of Human Resources, to provide information regarding the amount being spent on advertisement for the various programs within the Department, and she wondered whether the money would be better spent on programs that actually assisted people.

Ms. Ford referenced the budget for the Energy Assistance Program, and explained that *Nevada Revised Statutes* (NRS) specifically instructed that the Division conduct outreach. She pointed out that funding was specifically provided within that budget to spend on outreach. Ms. Ford said that money was not earmarked for client services and was specifically earmarked for outreach. She stated that was the only program she was aware of that contained the funding for outreach. Ms. Ford stated that the federal government would be conducting the outreach for the Food Stamp Program.

Senator Cegavske believed that advertising dollars had been included in the Nevada Check Up Program and the Senior Rx Program. Ms. Ford stated those programs were not managed by the Welfare Division. Senator Cegavske said she understood that, but she would ask that Mr. Willden provide the information, and she would also request that Ms. Ford provide information pertaining to programs under the Division's control. Senator Cegavske said she knew there were some people who believed that money should be spent on advertising and some who did not, and she believed that the issue should be reviewed.

Chairwoman Leslie asked staff to pass that request on to Mr. Willden. Chairwoman Leslie asked for confirmation that the fraud rate for the Food Stamp Program in Nevada was one of the lowest in the nation. Ms. Ford said she did not know the statistics pertaining to the fraud rate, but she would be happy to research that rate. Chairwoman Leslie indicated that was how it had been explained to her in the past.

Chairwoman Leslie asked Ms. Ford whether she wanted to present any further overview information regarding the Division prior to commencing the budget hearings. Ms. Ford replied that she did not have further comments. Chairwoman Leslie stated that she would open the hearing on BA 3228.

**HR, WELFARE ADMINISTRATION (3228)**  
**WELFARE 1-16, Volume II**

Ms. Ford explained that BA 3228 funded the administrative expenses associated with ensuring that public assistance programs were administered in accordance with federal and State regulations. The budget basically funded the central office in Carson City. Ms. Ford indicated that one significant Decision Unit was M-502, which proposed funding for the implementation of the federally mandated Medicare Modernization Act (MMA), Part D, which established low income subsidy categories for Medicare pharmacy benefits. Ms. Ford referenced page 8 of [Exhibit B](#), which contained information that would help explain the MMA.

Ms. Ford explained that the Division had finally received information from the federal government regarding the MMA. The Division had met with the Social Security Administration and the Center for Medicare and Medicaid Services, and found that it would be preferable to submit applications for benefits under Part D through the Social Security Administration. Ms. Ford said the Division had submitted an amendment to delete the request to add an additional 11 full-time equivalent (FTE) positions to its field services staff. She explained that the MMA would establish two new categories of eligibility. Ms. Ford stated that one category would be for full subsidy for persons with income levels below 135 percent of the federal poverty level, and the other would be for partial subsidy, which would be for persons with income levels up to 150 percent of the federal poverty level.

Page 9 of the exhibit depicted the implementation of the MMA and indicated that the Division would start taking applications for Medicare Part D on July 1, 2005, with benefits becoming effective January 1, 2006. Ms. Ford stated the Division was asking for a Program Specialist II position in the Welfare Division Administration budget. That position would:

- Establish the policy and the State plan

- Provide training to field staff who would assist persons applying for Part D coverage through Social Security
- Design automated support
- Conduct management evaluation reviews
- Help manage the other 29 categories of Medicaid administered by the Division

Ms. Ford reiterated that the Division would like to retain the Program Specialist II position within BA 3228.

Chairwoman Leslie noted that the request from the Division was for one additional position. She indicated that the prescription drug benefit program, Part D, would commence in January 2006, with the Division taking applications for that program in July 2005. Chairwoman Leslie pointed out that the budget indicated the requested position would not start until October 2005. Ms. Ford stated that was correct. The Division would be required to provide information to its field staff so it could assist persons in filling out and submitting applications through Social Security. Ms. Ford indicated that the program would start taking applications on July 1, 2005, and she believed that the position hire date should be moved up to align with the application date. Chairwoman Leslie said it would not make sense to hire a person after the application process had commenced. Ms. Ford agreed, and believed that the hiring date should be effective July 1, 2005.

Chairwoman Leslie asked for an explanation regarding the MMA and how the process would work. She advised that she had stood in line at Welfare offices to assist persons that she worked with, and it had been her experience that those offices were not user-friendly. Chairwoman Leslie said she was thinking about her mother, who would turn 75 in April, and how difficult it would be for her to stand in line and wait for assistance. It would be a frustrating experience for many elderly persons and she asked whether people applying for service under Medicare Part D would simply stand in line and be served like everyone else, or would there be a special desk to help elderly clients deal with the requirements of that program.

Ms. Ford said the Division had not addressed the specifics of the program at the present time, but she believed the issue of dealing with elderly clients could be addressed. Chairwoman Leslie said there was no place for elderly clients to sit, and when she had been in the Reno Welfare Office, it had been very crowded and she could not imagine her elderly mother standing in such a line. Ms. Ford said the Division would make every effort to accommodate elderly clients. Ms. Ford stated that persons could also apply online. Chairwoman Leslie said her mother did not have a computer, and Ms. Ford opined that senior service centers might be able to assist with online applications, along with various other entities. Ms. Ford said the problem was that federal law required the agency that handled Medicaid eligibility to also take applications for the program. The Division had to have the capability to accept applications. Ms. Ford reiterated that there would be other options available for persons who wanted to apply for Part D coverage without going to the Welfare Office.

Chairwoman Leslie asked how people would know where to go to submit an application on July 1, 2005. Ms. Ford explained that the DHR Director's Office had received grant funding to conduct outreach and education regarding Medicare Part D, and information would be sent through senior service centers, the Senior Rx Program, and other senior programs. Chairwoman Leslie asked what information would be available in that outreach program. Ms. Ford

believed the outreach program would provide information regarding the options available for applicants. Chairwoman Leslie asked who would take the lead in informing Nevada's senior citizens about Medicare Part D. Ms. Ford explained that Mary Liveratti, Deputy Director, DHR, was in charge of the federal grant funding and the eventual outreach program. She stated that she really could not answer that question because outreach would not be handled through the Welfare Division.

Chairwoman Leslie asked what plan had been devised by the Welfare Division, and how the field offices were being directed to gear up for the senior citizens who would walk in the door on July 1, 2005. Ms. Ford stated that the Division planned to train staff throughout the State regarding the application for Part D that would be submitted through the Social Security Administration. She advised that Social Security had, in fact, provided a training module and the Division would train its staff regarding the application and how to apply online. Ms. Ford believed that staff could sit down with an applicant and fill out an online application, which would be the quickest way to submit the information.

Chairwoman Leslie said that she did not believe that plan was very practical, and would be very impractical for senior citizens. Ms. Ford emphasized that Division staff would not make applicants complete the online application, but rather staff would ask questions and enter the information. Chairwoman Leslie believed that might happen if senior citizens could get a staff member to help them, but the lengthy lines might cause senior citizens to turn around and walk out the door. Ms. Ford said she appreciated Chairwoman Leslie's comments, and the Division would have to address those issues and set up a special procedure for senior citizens. Chairwoman Leslie stated she could only visualize a "train wreck."

Senator Cegavske referenced the requested position, and asked whether there were current vacancies in any of the Division's budgets that could be used to fill the requested position. Ms. Ford said there were no vacant positions at the level of the requested position. She explained there was a vacant position for Chief, Eligibility and Payments, which was being left vacant for a period of time for salary savings, as the Division was projected to overspend its personnel budget for the current year. Ms. Ford stated that there was not currently a vacant Program Specialist position that could be used for the program.

Senator Cegavske said she would ask that question through the entire budget presentation for requested new positions, because there were some vacancies within the Division. The Subcommittee wanted the Division to justify the requested positions based on the vacancies.

Senator Cegavske referenced performance indicator number 1, Food Stamp spending accuracy in active cases, which was 94 percent. She asked that the Division provide the numbers for indicators number 1 and 2 rather than percentages. The number of calls received was listed for performance indicator number 3, but there was no information regarding resolution of those calls. Senator Cegavske noted that performance indicators number 4 and 5 indicated that no information was available for FY2004 and FY2005 and she wondered why. Ms. Ford stated that Mr. Stagliano would like to respond to that inquiry.

Gary Stagliano, Deputy Administrator, Program and Field Operations, Welfare Division, advised that performance indicators number 4 and 5 referenced a new Customer Service Unit that had been implemented by the Division in 2004. The Division had attempted to maximize its ability to make quality decisions and

in order to do that in the field offices, many of the telephone calls had been routed to a central location. Mr. Stagliano stated that the unit had been very successful, and at the present time the first point of contact was the Customer Service Unit, where most questions were very easily answered. Since the unit had been successful, Senator Cegavske asked why the Division could not provide the number of calls resolved or the number of calls answered.

Mr. Stagliano explained that the Customer Service Unit had been devised in a manner that would address the customer's needs as quickly as possible. In the past, calls had been forwarded to the voice mailbox for each caseworker. Clients had been required to leave a voice mail for their caseworker and at a later date the caseworker would return the call. Mr. Stagliano explained that when the Division established the Customer Service Unit, 85 percent of the calls had been resolved at first contact. Another 10 percent of the calls actually required the intervention of a case manager, but were of a non-urgent nature, and were forwarded to field offices for resolution within 48 hours. Mr. Stagliano said the remaining 5 percent were of an urgent nature and were forwarded to the "officer of the day" in the office, who took care of those calls immediately for the caseworker. He stated that was the current method of handling calls.

Senator Cegavske asked why that information had not been included in The Executive Budget under the performance indicators for the Division. Mr. Stagliano said the Division had used abbreviated performance indicators in the budget presentation, but he would be happy to provide the details for the Subcommittee. Senator Cegavske said she would like to see the details and it would be really helpful if numbers were used rather than percentages in the Division's performance indicators.

Assemblywoman Giunchigliani referenced the roll-out for Medicare Part D, and asked whether the program had to be handled by the same department that handled the eligibility. Ms. Ford said the Division was required to determine eligibility for the two new categories of Medicare Part D, but as far as actual enrollment in the pharmacy benefit program, that had to be done through the Center for Medicare and Medicaid Services; the Division would not enroll persons in the categories. Ms. Giunchigliani stated that it appeared there would be a two-step process with the first step being the determination regarding eligibility, and she asked for clarification regarding the second step. Ms. Ford explained that persons would be enrolled into an actual pharmacy benefit program, and it was her understanding that there would be a variety of programs available.

Ms. Giunchigliani asked about pharmacies, and would every pharmacy allow use of the card. Ms. Ford said she was not an expert on the specifics of the program, since the Welfare Division would only determine eligibility and assist persons in filling out the applications. It was her understanding that there would be various providers of pharmacy benefits, and persons would be placed in the benefit program that best met their needs for pharmaceuticals. Ms. Ford reiterated that there would be a variety of providers, but the enrollment would be administered by Social Security and the Centers for Medicare and Medicaid Services. The Welfare Division would simply help with the eligibility determinations.

Ms. Giunchigliani asked whether the program guidelines had been established at the federal level. Ms. Ford stated that she could not answer that question. Ms. Giunchigliani said that to establish initial eligibility, Division staff could use



laptop computers at senior centers and other entities utilized by seniors to conduct outreach, et cetera. She believed that would provide more comfort to seniors and the State would save money in the long run. Ms. Giunchigliani indicated that the Division could work with various agencies, such as the American Association of Retired Persons (AARP), and target the senior population. She believed there were other ways to provide assistance with applications without making senior citizens come to a Welfare office. She hoped that as the Division explored options for applicants, it would consider such outreach.

Chairwoman Leslie indicated there were many seniors who did not access senior centers, such as her mother, who had never set foot in a senior center. If applications were available at grocery stores or neighborhood health fairs, et cetera, perhaps it would be more effective. She was concerned that the eligibility and application process was going to be very fragmented and very difficult. Ms. Ford believed the Division could be creative with the application program for Medicaid Part D.

Regarding performance indicators, Ms. Ford pointed out that the indicators had been based upon the projections from the prior budget cycle in FY2003, and the Division did not know how calls were going to be resolved at that time, which was why the current indicators contained no information. She indicated that the information would be provided to the Subcommittee.

Chairwoman Leslie referenced Decision Unit M-503, Federal Mandate, which requested 2 quality control specialist positions to comply with the Improper Payments Information Act of 2002. Ms. Ford called the Subcommittee's attention to page 10 of [Exhibit B](#), and stated that M-503 referenced an additional federal mandate that was based upon the Improper Payments Information Act and dealt with payment error rate measurement (PERM). According to Ms. Ford, the program sought reductions in improper payments, overpayments and underpayments, in Medicaid and Nevada Check Up cases. The regulations were still being promulgated and the final regulations would not be published until August 2005. Ms. Ford stated that the Division had received the proposed regulations several months ago, and comments had been made by the Welfare Division, the Division of Health Care Financing and Policy, and the DHR Director's Office. Ms. Ford indicated that the Welfare Division was asking for two quality control specialist positions to help establish the program, but she warned that the Division might need as many as 30 new positions based upon the proposed regulations.

Referring to page 11 of [Exhibit B](#), Ms. Ford explained that there had been many pilot programs regarding how to conduct payment error rate accuracy. The Division of Health Care Financing and Policy would need to pull a sampling of approximately 2,000 cases, which that Division would review for claims and services accuracy. Ms. Ford stated that the Welfare Division would be reviewing those claims for eligibility accuracy. For the 2,000 cases in the pilot project, it had taken approximately 24 hours to resolve each case. According to the Department of State Personnel, the number of productive hours per year for a worker was 1,600, after taking into consideration annual leave, sick leave, training, administrative meetings, et cetera, which meant the Welfare Division would need 30 additional staff to complete the program. Ms. Ford explained that the pilot programs had required review of one-third of the cases for eligibility accuracy, but 100 percent review was the proposed requirement in the final regulations. The Division was hoping that when the federal regulations were finalized, they would be much less onerous than the proposed regulations.

Ms. Ford stated that page 12 of [Exhibit B](#) contained information regarding the proposed regulations. She noted that the anticipated release date for the final regulations was August 26, 2005, with an implementation date of October 1, 2005. Ms. Ford indicated that the Division was asking for the two quality control specialist positions in order to set up and establish the program by the implementation date of October 1, 2005. Ms. Ford also asked that the Division be given authority to approach the Interim Finance Committee (IFC) to ask for additional staff, should it be necessary based upon the final regulations.

Chairwoman Leslie stated that 30 new positions would be impossible, and she noted that the Division of Health Care Financing and Policy had only received 4 new positions. That Division would be conducting the reviews regarding the claims and services portion of the new requirements. Ms. Ford pointed out that the eligibility appeared to be more onerous because staff would have to go back to the date of service to determine eligibility. The date of service could be up to 2 years in the past, which would require research of the eligibility criteria used at that time. Staff would also be required to attempt a personal contact with the eligible person, which could be difficult. Chairwoman Leslie hoped that the regulations would be a bit more reasonable because of the potential cost of an additional 30 positions. Ms. Ford stated that the Division was hoping that with its comments to the federal government the new regulations would be more reasonable.

Chairwoman Leslie asked Ms. Ford to continue her presentation. Ms. Ford referenced page 13 of the exhibit, which listed the 10 decision units that would transfer positions from the Department of Information Technology (DoIT) to the Welfare Division. Ms. Ford asked the Subcommittee to treat those 10 decision units as a "package," as the decision units split out the various aspects of the positions within the different units. The units included training, equipment replacement, et cetera, so the Division would ask that it be considered as a package.

Chairwoman Leslie wondered what the benefits of the transfer would be. Apparently, there had been a study which recommended the transfer, but Chairwoman Leslie asked what would be the concrete benefits to the Welfare Division. Ms. Ford explained that the concrete benefits to the Division would be actual control of staff. The staff was housed at the Division in its central office, worked with Division staff, and participated in different functions, but Ms. Ford stated she had no supervisory control over those positions. In that aspect, there would be better administrative control. In addition, stated Ms. Ford, it would save money for the Division because it currently paid an hourly rate to DoIT for programmers, and once the positions were transferred, the Division would only be paying salaries.

Chairwoman Leslie noted that the positions could then be used to do more for the Division than they had in the past. Ms. Ford stated that was correct, and the Division could use those positions where needed without being required to seek approval from DoIT.

Chairwoman Leslie referenced the proposal for a Health Insurance Flexibility and Accountability (HIFA) waiver and, if the aforementioned DoIT positions were transferred to the Welfare Division, she wondered whether those positions could handle the programming that would be needed to accommodate the proposed HIFA waiver program, which would save the cost for additional positions.

Ms. Ford said there would still be costs, because the Division would need additional equipment, et cetera. Chairwoman Leslie stated she was talking about programming costs. The Division would have more control over the programmers and would be able to use the positions to perform work as needed, yet it appeared there was a request in the budget for additional outside programming.

Assemblyman Denis said there was additional funding within the Welfare Division's budget for Master Service Agreement (MSA) programmers, and he asked why that would be necessary since the Division would have staff in-house with the aforementioned position transfers. Ms. Ford believed that the additional programmers would be necessary because the positions being transferred to the Division from DoIT were 100 percent allocated to the Nevada Operations of Multi-Automated Data System (NOMADS) at the present time. The only way to add additional programming hours would be through the MSA. Mr. Denis asked whether there would be additional programmers under the MSA working on other projects. Ms. Ford asked Mr. Buonacorsi to reply to Mr. Denis' question.

Gary Buonacorsi, Deputy Administrator, Information Systems, Welfare Division, stated that many programs and projects were underway for the current DoIT programmers. The HIFA waiver program included a short time frame, and while the Division could pull the current DoIT programmers, that would take work hours away from pertinent NOMADS programs. Mr. Buonacorsi indicated that the Division's budget proposal for the HIFA waiver program would be in addition to the work that was already ongoing. He emphasized that the programmers had a very full slate of projects that were currently underway, and the question was whether to take the programmers away from the work being done for NOMADS, such as maintenance and operations, and put them to work on the HIFA waiver program. The question was should the Division ask for additional monies to incorporate the HIFA waiver program in addition to the current workload and, according to Mr. Buonacorsi, that had been the Division's proposal moving forward.

Mr. Denis asked whether the Division would use the DoIT programmers for the HIFA waiver program. Mr. Buonacorsi stated the Division would use contract programmers for the HIFA waiver program.

Chairwoman Leslie stated the Subcommittee might suggest using the DoIT programmers for the HIFA waiver program as a way to save money, as it appeared to be a work prioritization issue that could be accommodated, however, the Subcommittee would like additional information. Mr. Buonacorsi indicated that the requested information would be made available to the Subcommittee.

Chairwoman Leslie noted that Decision Unit E-409 requested 11 positions and she asked for clarification. Ms. Ford explained that the 11 positions would be in BA 3233, Field Services, and not in BA 3228. Chairwoman Leslie asked what was "magic" about the number 11 for positions. Ms. Ford stated it simply came out that way. The original request for 11 positions included a supervisor, 2 clerical workers, and 8 eligibility workers, and the request for BA 3233 was for 10 eligibility worker positions and 1 clerical position.

Chairwoman Leslie said with the HIFA waiver program, the Division would expand to cover pregnant women, and she wondered whether the Division was finding some women ineligible at the present time based on income. Ms. Ford said the Division currently covered pregnant women and children through the Children's Health Insurance Program (CHIP), and the proposed HIFA waiver program would include only pregnant women between 134 percent and 185 percent of the federal poverty level (FPL). In addition, said Ms. Ford, the HIFA waiver would allow for a capped caseload, which was part of the Division's programming effort. Ms. Ford explained that the Division did not have the capability to cap its caseload at the present time, and it needed to be able to cap the caseload at a certain level when the Division of Health Care Financing and Policy instructed the Welfare Division to cease eligibility determinations. At the current time, stated Ms. Ford, the Division made eligibility determinations for pregnant women up to 133 percent of the FPL.

Chairwoman Leslie asked about the other aspects of the HIFA waiver program, such as individuals employed by a small business. Ms. Ford replied that the Welfare Division would conduct the eligibility determinations for small business employee insurance to determine eligibility of workers with incomes up to 200 percent of the FPL. Chairwoman Leslie asked for clarification regarding the catastrophic event coverage under the HIFA waiver program. Ms. Ford indicated that the Division would not have staff attached to the eligibility determination of that program and the Division of Health Care Financing and Policy would simply tell the Welfare Division when to make a person eligible.

Chairwoman Leslie asked whether the requested 11 positions would handle the portion of the HIFA waiver account relative to pregnant women and employees of small businesses. She asked whether the Division had a justification that depicted how it had arrived at the number of 11 positions. Ms. Ford believed that information was contained in the Field Services account, BA 3233. Chairwoman Leslie asked Ms. Ford to provide the information to the Subcommittee. The concern was based on the number of positions, and the Subcommittee wanted to know how the positions would be directly tied to the HIFA waiver program. Chairwoman Leslie stated there was also growing concern regarding staff vacancies within the Division and whether those vacancies could be reclassified to fill some of the requested positions.

Ms. Ford stated that the Division had approximately 960 family services specialist positions, and turnover was continually occurring in that area. She explained that the Division was constantly running academies and hiring new staff. Chairwoman Leslie said that there might be a possibility of excess staff in that area because caseloads were trending down, and perhaps there was a way to use some of those existing staff savings for the requested positions.

Chairwoman Leslie noted that Decision Unit E-811 proposed to change positions from classified to unclassified service, and she wanted to confirm the current classification grade level for chief and hearings officer positions. Ms. Ford indicated that the chief positions within the Division were classified as grade 41 and the hearings officer position was classified as grade 35; she pointed out that the Division only had one hearing officer. Ms. Ford believed that the change was designed to create consistency throughout the State. She had not participated in the study that was conducted by State Personnel regarding the change from classified to unclassified positions, and she could not really address the proposal. Chairwoman Leslie said her concern, which she had expressed many times, was that the positions recommended for change to unclassified

were filled by people who were critical to the Department of Human Resources (DHR), no matter who was the Governor or the DHR Administrator, and she had a great deal of concern about making bureau chief positions within the DHR unclassified.

Assemblyman Denis referenced Decision Unit E-710, Replacement Equipment, and noted that the Division had requested \$728,359 and The Executive Budget recommended \$475,611; he questioned the difference. Ms. Ford indicated that there had been certain aspects of E-710, such as videoconferencing, which had not been approved. She indicated that the Division would provide information to the Subcommittee regarding exactly what had not been approved within that decision unit. Mr. Denis asked, since the request for videoconferencing had not been approved, whether there would be higher costs in the Division's travel funding. Ms. Ford did not believe that the travel category would increase, and the idea had been that videoconferencing would save travel expenses. She noted that many other departments were going to utilize videoconferencing and perhaps the Welfare Division could utilize one of those systems.

Chairwoman Leslie closed the hearing on BA 3228, and opened the hearing on BA 3233.

**HR, WELFARE FIELD SERVICES (3233)**  
**WELFARE 17-27, Volume II**

Chairwoman Leslie said her concern was the relocation of offices, and she asked that Ms. Ford explain the relocation of the Charleston Avenue office in Las Vegas. Ms. Ford explained that the lease for the Charleston Avenue office would expire on December 31, 2005, and the building housing that particular office had not been well maintained. The Division proposed to relocate that office to a more appropriate zip code in North Las Vegas, which would more appropriately serve the Division's clientele. Chairwoman Leslie said it appeared that the Division was going from an office that contained 23,000 square feet to an office that contained 33,000 square feet, and she asked for clarification regarding the additional square footage. Ms. Ford indicated that the new office was formerly an Albertson's Supermarket, which would be remodeled to accommodate the Division. Chairwoman Leslie asked if the Division really needed that additional space. Ms. Ford replied that in the Las Vegas area, various offices handled different zip code areas, so the Division would allocate zip codes to ensure that a sufficient caseload was supported by that amount of office space. Chairwoman Leslie asked that the Division provide information to Legislative Counsel Bureau (LCB) staff so the Subcommittee could see the allocation of zip code areas.

Chairwoman Leslie noted that the cost of rent was also increasing from \$1.00 to \$1.50 per square foot. Ms. Ford stated that was correct, and she pointed out that the rents in the Las Vegas area had gone up dramatically, and \$1.50 a square foot was below the average in the Las Vegas area.

Chairwoman Leslie asked about the modular furniture requested by the Division. Ms. Ford explained that the modular furniture was very good at space conservation and also promoted the appearance of the offices. With modular furniture, work space was allocated and staff could keep their case files at their desks. Ms. Ford said those who used modular furniture really liked it and it helped promote efficiency of work because case files were more accessible. Chairwoman Leslie asked whether the Division was getting away from the "chutes" where clients came in and sat in line for their caseworkers.

She wondered whether the Division was changing the way it delivered services to recipients.

In response to the Chair's question, Mr. Stagliano explained that the Division was trying to improve the appearance of its offices so it looked more like a business environment. The idea was to improve the appearance for the benefit of clients with seating areas and a more professional appearance, and to engage the person in more of a business relationship rather than a public assistance area, such as had been done in the past. In addition, stated Mr. Stagliano, the modular furniture would help improve the appearance of the office, but more importantly, it would help bond staff together because the use of modular furniture in the "open box" type of buildings put the staff together in the common area. In the past, staff had been divided into groups such as the employment and training area, child support area, eligibility area, et cetera, which did not promote the uniform approach to providing services to the client. Mr. Stagliano emphasized that the Division was trying to provide a more seamless approach for clients, and meet its business responsibilities to the different factions of the Welfare Division. Mr. Stagliano believed that use of modular furniture was important, and as the construction of the office was changed, modular furniture could be easily broken apart and moved. He stated that the Division had been very deliberate in its approach to new offices.

Chairwoman Leslie pointed out that modular furniture was a "big ticket item," which was included in several budget accounts within the Division. The Subcommittee wanted to ensure that the Division was sure that was the direction in which it wanted to move. Many times entities had come back to the Legislature after making changes and requested a change back to the way things had originally been done. Chairwoman Leslie asked whether modular furniture would be utilized across-the-board in the Division's offices. Ms. Ford stated yes, and explained that the Division was attempting to become more uniform across all offices, which would allow furniture to be moved if necessary. Chairwoman Leslie acknowledged that the furniture in the Division's Charleston Avenue office was quite worn. Ms. Ford concurred and stated that it was "pretty bad."

Chairwoman Leslie asked for explanation regarding the relocation of the Henderson office. Ms. Ford stated that the Henderson office was located in a shopping center and the landlord had approached the Division with the plan to build a building to suit on the same property. That building would be at a very favorable rent and would reduce the space to 20,000 square feet. According to Ms. Ford, when the East Flamingo office had opened, some of the zip codes for the Henderson office were moved to the Flamingo office. Therefore, said Ms. Ford, the Henderson office did not need to be as large as it had been in past. The relocation would allow the Division to have very favorable rent in a new building.

Chairwoman Leslie said the smaller building would cost more than the larger space. Ms. Ford believed the cost would be about the same as the old location with increases in rent. Chairwoman Leslie asked whether the additional costs in the budget were relocation costs. Ms. Ford stated that was correct, it was basically the relocation costs rather than the cost of rent. Chairwoman Leslie asked what the benefit would be to the Division with the relocation, as it appeared the Division would have less space, and it would cost money to relocate the office and purchase new furniture. Ms. Ford said the Division would get a new building and nicer work space. The Division had experienced problems with the Henderson office in the past with heating and

air conditioning, and the landlord had also replaced the roof. She stated there had been many issues with the old building, and the proposal would provide a new building that would meet the needs of the Division because it would be 20,000 square feet rather than 25,000 square feet. Ms. Ford believed that relocation of the office would benefit the clientele and would match the model used for the other new offices.

Chairwoman Leslie stated that the relocation of the Henderson office was "iffy" and she asked that the Division provide reasons why the State should spend more money for less space. She was not convinced that the Henderson office needed to move. It appeared that the Division would like to relocate the Henderson office, but it did not appear to be a necessary move.

Mr. Stagliano stated one of the major problems with the Henderson office was the composition of the office. The space was very chopped up, and he would encourage legislators to visit that office if they had the opportunity. Mr. Stagliano said one of the problems with the office was the exposure. The way the building faced and the glass frontage made that space unusable for business purposes. The office site was a rather poor selection, and at least three times the landlord had removed part of the floor to fix sewer problems because the building had been retrofitted to meet the needs of the Division. Mr. Stagliano said the retrofit had not been done correctly, and the business operation of the office had been disrupted three times for significant periods of time to jackhammer the floor. In addition, many buildings had been built around the facility and parking had become a problem. The proposal by the landlord would move the office to the far end of the parking lot on the property he currently owned, where he would build a site dedicated to the Welfare Division with no adjacent buildings.

Ms. Ford stated another point was that the lease for the Henderson office would be up in 2006 and the landlord did not want to retain the office in the current building, so the office would be forced to move one way or the other. Chairwoman Leslie asked whether the cost for the modular furniture included installation. Ms. Ford replied that it did.

Senator Cegavske asked whether there was modular furniture in the old buildings that could be brought to the new office, or was it a request for additional modular furniture. She believed there had been requests for modular furniture from many agencies in the past, and she wondered what had happened to that furniture because agencies kept asking for additional furniture. Ms. Ford explained that the Division's Henderson office never contained modular furniture. It might have a few modular units, which would be moved, but most of the furniture consisted of desks and dividers rather than modular furniture. Senator Cegavske asked whether a list had been provided regarding the modular furniture available in each office that would be moved, and what would need to be purchased.

Ms. Ford stated that the Division would provide information to the Subcommittee regarding the age of the equipment in the Henderson office. Senator Cegavske said that appeared to be the issue, the Division had old equipment and now wanted new equipment. She said that was the information needed by the Subcommittee.

Chairwoman Leslie asked that Division staff work with LCB staff and explain the Henderson office relocation, because the Subcommittee was somewhat "iffy" about the relocation.

Chairwoman Leslie referred to closure of the Hawthorne office, and indicated that was of great concern to her. She actually knew how far it was from Hawthorne to Fallon, and she believed that closing the office in Hawthorne would not be a good move. Chairwoman Leslie pointed out that the Department of Motor Vehicles (DMV) and other state agencies still had a presence in Hawthorne. The Division was proposing to close the Welfare office in a depressed area and tell people to drive to Fallon for services, and she asked for an explanation.

Ms. Ford explained that when the Hawthorne office was closed, the Division would continue to provide some itinerant runs to that area to meet with clients. Currently, there were three staff positions in the Hawthorne office and the caseload would not support the office. Chairwoman Leslie asked about having one person staffing that office because itinerant runs would not be the same as having an office available. The problem, said Ms. Ford, was the space rental, the equipment, and the T-1 lines, along with the infrastructure necessary to maintain an office. Chairwoman Leslie said that infrastructure was already in place in the Hawthorne office. Ms. Ford stated that the Hawthorne office was located at 1000 "C" Street. Chairwoman Leslie said the costs were already there, and it would not be like opening a new office. Ms. Ford said the basics were in place in the Hawthorne office, but it was really not cost-effective to keep that office open and the Division was proposing to close it effective June 30, 2006. She reiterated that there simply was not the caseload to support an office in Hawthorne. Chairwoman Leslie said she would like more information as closure of the Hawthorne office was of great concern to her.

Senator Mathews agreed with Chairwoman Leslie, and stated that Hawthorne was isolated and asking families who were receiving assistance to travel to Fallon for services did not make sense.

Ms. Ford stated that the Division would provide additional information to the Subcommittee regarding closure of the Hawthorne office. Chairwoman Leslie stated that the Subcommittee would like to have the caseload information.

Assemblywoman Gansert asked that the Division also provide information regarding downsizing of the Hawthorne office by reducing the square feet for one employee versus three employees.

Assemblywoman Smith shared the concerns previously voiced, and asked for information regarding the cost offset of the cost to relocate versus the cost to keep the office open on a smaller scale.

Mrs. Gansert suggested that the Division consider sharing office space with another State entity in Hawthorne. Ms. Ford explained that the Hawthorne office currently shared office space with the Division of Child and Family Services.

Regarding the Fallon office, Chairwoman Leslie asked about the current telephone system, and why that needed to be replaced or upgraded. Ms. Ford reported that the Meridian phone system in the Fallon office was quite old and the Division wanted to upgrade the system so the office would be on 5-digit dialing. That would eliminate long distance charges because the Fallon office could dial 5 digits to Carson City or Las Vegas. Ms. Ford stated it would also allow the Fallon office to access the Customer Service Unit, whereas at the present time, staff in Fallon did not have access to that unit.



Chairwoman Leslie asked whether there would be savings associated with the upgrade of the phone system. Ms. Ford indicated that the Division believed there would be some savings associated with the upgrade. Chairwoman Leslie asked that Ms. Ford provide information to LCB staff regarding the amount of savings.

Assemblyman Denis said there would be additional costs to upgrade the system and the savings would be realized at a later date. He noted that the upgrade would replace all handsets, as well as other telephone equipment, along with the addition of a direct line. Mr. Stagliano said that the telephone system was housed by the Welfare Division and the line would come back to the Carson City office, but Mr. Denis was correct, there would be some initial investment costs.

Mrs. Gansert asked that the information provided to LCB staff include the "break-even" time frame for the long distance charges.

Chairwoman Leslie asked how the Division was doing overall in terms of processing applications, addressing the backlog, and completing re-determinations, and was the Division meeting its goals. Ms. Ford said that the Division was meeting its goals, and pages 16 through 19 of [Exhibit B](#) depicted the per capita eligibility and where the Division stood. Page 18 of the exhibit depicted the Food Stamp Program population, and the Division was currently at 51 recipients per 1,000 and the caseload was 122,000. Ms. Ford pointed out that in 1996 the Division had been at 59 recipients per 1,000 with a caseload of only 97,000. That showed that the Division had not reached a level of capacity with the Food Stamp Program and there was a much greater population to serve.

Ms. Ford pointed out that the Legislature had approved many new positions in 2003, which had been essential for the Division to get ahead of the curve regarding case processing. Ms. Ford explained that the Division had been having a difficult time in completing case processing at that time, and she was happy to report that the Division had made great strides in its case processing time frames. She reported that Temporary Aid to Needy Families (TANF) cash assistance cases had improved 43.6 percent; TANF medications had improved 53.5 percent; Child Health Assurance Program (CHAP) had improved 40.8 percent; and the Food Stamp Program had improved 25 percent. Ms. Ford stated that the Division was currently within tolerance levels on its average case processing times, which was attributed to the additional staff available to the Division to process cases.

Page 20 of [Exhibit B](#) was designed to show that, based upon the Division's caseload analysis, it could justify 116 new positions based upon its staffing guideline, however, it was not asking for new positions based on caseload in the current budget. Ms. Ford stated that the Division did need to retain the staff that the Legislature so graciously approved during the 2003 Session.

Chairwoman Leslie asked whether the Division was meeting all the federal requirements regarding case processing time frames. Ms. Ford said the Division's average case processing time was currently meeting the federal requirements.

Chairwoman Leslie referenced Decision Unit M-425, which proposed deep cleaning of all offices, and if the proposed office relocations and closures were approved, would those costs still be necessary. Ms. Ford stated it was a blanket request without consideration of other decision units, and she believed that some of those costs could be eliminated.

Chairwoman Leslie stated that Decision Unit E-811 recommended making the field office manager position unclassified, and she asked about the current grade level for that position. Ms. Ford stated the position was currently classified at a grade 42. Chairwoman Leslie said she was not convinced that classified positions at grade levels of 41 and 42 should be changed to unclassified positions. Ms. Ford indicated that she had not participated in the study regarding unclassified positions, and she was not competent to explain why the positions were recommended for a change to unclassified.

Ms. Ford referenced page 21 of [Exhibit B](#), which provided information regarding poverty levels, and she pointed out that quite often people did not know what that entailed. The chart on page 21 reflected the current poverty levels and the percent of need based on family size. She explained the need as follows:

- 185 percent of need was the gross income test for TANF
- 130 percent of need was the gross income test for Food Stamps
- 133 percent of need was the gross income test for CHAP
- 150 percent of need was the gross income test for Energy Assistance
- 275 percent was non-needy caretaker and kinship care

Ms. Ford believed that would be a good tool for the Subcommittee so it could see what poverty level was needed for various programs. Chairwoman Leslie said it was a great chart, but it would be better if the categories explained by Ms. Ford had been titled. It would be helpful if the columns had been titled, and Ms. Ford said that the Division would add titles to the columns for quick reference and provide copies to the Subcommittee. Ms. Ford advised that the Need Standard was updated annually, and the information on page 21 was the current information.

Chairwoman Leslie closed the hearing on BA 3233 and opened the hearing on BA 3230.

**HR, WELFARE/TANF (3230)**  
**WELFARE 28–32, Volume II**

Chairwoman Leslie asked for explanation regarding funding from the block grant from the Department of Health and Human Services, and the reserve, or lack of a reserve. Ms. Ford referenced page 22 of the exhibit, which provided information regarding the TANF program. Ms. Ford explained that Nevada received approximately \$44 million per year in TANF block grant funding, and an additional supplemental grant of \$3.7 million based on population growth. The supplemental grant based on population growth was frozen at the 2001 level, and Ms. Ford pointed out that the State had not had any recognition for its growth since that time. The block grant remained at the same level and there were no cost-of-living increases or other recognition increases. Ms. Ford said Nevada had received the same amount of funding since 1996. She also pointed out that the buying power of the dollar had decreased 17.3 percent between 1996 and 2003. Nevada was falling behind because it was the fastest growing state in the nation.

Ms. Ford said it should be kept in mind that TANF block grant funding was utilized not only in BA 3230, but it also supported BA 3228, Administrative Services, and BA 3233, Field Services. BA 3230 basically included the services and contracts that were provided to clients.

According to Ms. Ford, a Maintenance of Effort (MOE) requirement had to be met by the Division in order to acquire the block grant funding, which was set at 80 percent of the amount spent on the former Aid to Families with Dependent Children (AFDC) and AFDC-related programs during FY1994. That 80 percent totaled \$27,188,122, and \$24,607,702 of that amount was included in the TANF budget account, with the remaining \$2,580,420 in the Child Care Budget Account 3267. Ms. Ford explained that the Division could count those funds as MOE for both TANF and Child Care.

Ms. Ford stated that in BA 3230, Decision Unit M-200 dealt with caseload and she pointed out that the information contained in [Exhibit B](#) and the information within The Executive Budget was based on caseload figures for October 2004. Ms. Ford indicated that the March information would be released within the week and would include the February actual figures, and the Division would work very closely with LCB staff to rectify and true-up caseload figures. Ms. Ford stated there were new economic indicators for TANF and the TANF caseload had moderated somewhat, which would change projections. She reiterated that the Division would work very closely with LCB staff to true-up the figures.

Ms. Ford indicated that the benefit levels for the Kinship Care Program had been restored to the levels originally granted when the program began in October 2001, which was 90 percent of the foster care rate per child, effective July 1, 2004.

Chairwoman Leslie said it was her understanding that the Division requested to maintain a \$3 million reserve, however, The Executive Budget did not contain a TANF reserve. Ms. Ford believed that a reserve would be a good idea. She had made a "pitch" for not capping the Division's ability to approach the IFC to request additional money should something draconian occur such as had occurred after the events of September 11, 2001. Ms. Ford explained that after the events of September 11, 2001, the Division's caseload had increased at one point to 96 percent above projections.

Ms. Ford indicated that page 28 of [Exhibit B](#) addressed the reserve, and if the Legislature wanted to build a reserve that would address a 10 percent caseload increase, it would require \$7.7 million over the biennium. A reserve of \$3 million would address a caseload increase of 3.87 percent. Chairwoman Leslie said when the Division requested the \$3 million it was based on a caseload increase of 3.87 percent. Ms. Ford said the basis for the Division's budget request was to begin building a reserve and the calculation had not been done regarding the percent of caseload increase that amount would cover. The Division was simply attempting to build up the reserve. She pointed out that just prior to the events of September 11, 2001, the Division had a reserve of approximately \$22 million. Chairwoman Leslie asked why a reserve had not been included in The Executive Budget. Ms. Ford believed it was because the Division was still requiring General Fund in lieu of TANF funds in BA 3230.

Chairwoman Leslie asked, if the caseload trend continued downward, which was apparently still the case, could caseload funding be used to build the

reserve. Ms. Ford said that would be possible, if projected spending remained within the amount provided under the TANF block grant. She referenced page 25 of [Exhibit B](#), which depicted TANF figures from FY2004, and noted that the Division had carried forward \$12 million into FY2005. According to Ms. Ford, at the end of FY2005, the Division anticipated carrying forward \$8 million into the next fiscal year. During FY2006, Ms. Ford did not believe the Division would need additional funding and would utilize the amount allocated by the TANF block grant. Ms. Ford noted that during FY2007, the Division would once again be dipping into the General Fund in lieu of TANF funding.

Chairwoman Leslie asked why the Division was anticipating the need for General Fund dollars in FY2007, particularly since the caseload trend was downward. Ms. Ford said the trend was moderated, but it was not continuing to drop. The projection was for a much slower increase over the next biennium. She explained that the projections were based upon employment, population, and seasonality. The Division had changed its methodology after the 2003 Session and the projections were currently running quite true, however, there was still a projection for moderate growth.

Chairwoman Leslie opined that there would be further questions about the FY2007 projections, and she asked Ms. Ford to work with LCB staff regarding the numbers. Ms. Ford stated the main concern would be underfunding, because there was a possibility that the Division would overspend the amount from the TANF block grant. Chairwoman Leslie said that some legislators were concerned about overfunding.

Chairwoman Leslie stated that she could not understand why the Governor had not recommended a reserve in BA 3230. The Legislature had learned from the events of September 11, 2001, how important it was to maintain a reserve account and how quickly the numbers could change. Chairwoman Leslie noted that the Division had spent an additional \$22 million in reserve, and she believed that maintaining a reserve account was good fiscal planning. She stated she was not yet persuaded that there should be no reserve account.

Chairwoman Leslie asked whether there were further questions regarding BA 3230. She noted that TANF was very difficult to understand for the new members of the Subcommittee, and Ms. Ford concurred that TANF was very complex.

Ms. Ford referenced page 28 of [Exhibit B](#), which provided an analysis of grant increases and reserve scenarios. She indicated that at the hearing before the Legislative Commission's Budget Subcommittee, she had been asked to provide information about grant increases for single parents and two parents, and what that increase would cost. The information pertaining to that cost was included on page 28 of the exhibit.

Chairwoman Leslie asked about an increase of 5 percent. Ms. Ford explained that for a 5 percent increase, the biennium total would be \$1.9 million. The chart at the top of page 28 depicted the grant increases. According to Ms. Ford, the average grant for the TANF single parent was \$273.20, and with an increase of 5 percent the amount would be \$286.86. Over the biennium, the cost for the 5 percent increase would be \$1.9 million. Ms. Ford stated that with a 10 percent increase the amount for a single parent would be \$300.52, and with a 15 percent increase the amount would be \$314.18. Each increase had a comparable increase in the biennium totals.

Chairwoman Leslie pointed out that even with a 15 percent increase a single parent would only receive \$314.18 per month in TANF subsidy. Ms. Ford explained that was the amount for a single parent with two children, and a 15 percent increase would amount to \$314.18. She indicated that the maximum grant would be closer to \$400 monthly. Chairwoman Leslie stated that even \$400 would be impossible to live on, and the idea was that the single parents would access other programs such as Food Stamps, subsidized housing, energy assistance, and child care support. Chairwoman Leslie said a single parent who was on the subsidized housing list faced a waiting period of approximately 2 years. Ms. Ford explained that the Welfare Division did not have a program that helped pay for housing.

Chairwoman Leslie asked about New Employees of Nevada (NEON). Ms. Ford explained that the proposal in Decision Unit E-425 would allow for additional contracts with the Culinary Union, the community colleges and career colleges, so the Division could provide training to clients in areas that would actually promote wage gain. The Division hoped those clients would not seek further assistance, but would be trained in areas that would provide a gain in wages rather than relying on TANF grants in the future.

Chairwoman Leslie asked about the notification from the federal Department of Health and Human Services that Nevada was subject to a penalty for failure to meet its overall work participation rate under the TANF program, and whether a penalty had been assessed against the State. Ms. Ford stated that the work participation rate penalty had been assessed against the State for federal FY2003. The Division had already filed its letter asking for reasonable cause to have the penalty waived because the failure was directly related to the impact on the Division's caseload because of the events of September 11, 2001. Ms. Ford advised that the letter had been submitted in a timely fashion and was in the hands of the federal Department of Health and Human Services.

Ms. Ford did not believe the penalty would actually be assessed because even if the Department of Health and Human Services denied the reasonable cause letter, the Division would then enter into a corrective action plan with the federal government to correct the problem. Ms. Ford indicated that the Division had already passed the work participation rate for FY2004. She did not believe the penalty would actually be assessed. However, if a penalty was assessed, the funds would come from the TANF block grant and the State would be required to backfill with General Fund dollars.

Chairwoman Leslie noted that the Division was back on track since it had passed the rate for FY2004. She asked about TANF reauthorization and how the Division planned to meet the more onerous work participation requirements. Ms. Ford indicated that page 29 of [Exhibit B](#) depicted TANF reauthorization, and she stated that TANF funding was on a continuing resolution through March 31, 2005, and the House had already passed an extension through June 30, 2005. Ms. Ford said it was believed that the Senate would also pass the extension prior to recessing, which would place TANF on a continuing resolution through June 2005. She noted that both the House and the Senate versions of TANF reauthorization increased work participation rate over time up to 70 percent. Ms. Ford stated that would be a real challenge for the Division because it was quite difficult to meet the current work participation rate of 50 percent, much less 70 percent, but the Division was working on strategies to help it achieve that goal.



Chairwoman Leslie asked what the strategies consisted of. Ms. Ford said the Division was seeking new contracts so that persons could be placed in areas that promoted wage gain. Part of the problem was that if people working in minimum wage jobs lost their jobs, they immediately became clients once again. Those people were not working in career paths, which was what the Division was attempting to address. Ms. Ford stated that the Division had also taken action to change the way it addressed clients and new clients were given an orientation that explained what was expected of them and what they had to do. Some clients decided not to work with the Division and applied only for support services, such as Medicaid, child care, and food stamps, rather than cash. Ms. Ford stated those clients were not included in the Division's work participation rate.

Chairwoman Leslie asked if there were a certain number of people who were unable to work because of mental illness or for other reasons. Ms. Ford indicated that the Division's caseload currently consisted of 37 percent of people with barriers, such as persons with alcohol and/or drug abuse problems, mental health issues, or domestic violence issues. She said that over the past year, the Division had diverted some of those people from federal cash to the State MOE funds. Those persons also were not counted in the work participation rate.

Chairwoman Leslie said the Division had found it difficult to meet the 50 percent requirement for work participation, and she wondered what would happen if the rate was increased to 70 percent. Ms. Ford said the Division would continue to "bite at the apple" one "bite" at a time, and she also pointed out that the Division's rate continued to improve. Ms. Ford reported that from April 2004 to February 2005, the Division had experienced 22 percent improvement in the work participation rate internally. She emphasized that the Division was making strides in the work participation rate and the most recent figures for FY2004, without the caseload reduction, was a raw work participation rate of 33.6 percent, which was 11 percentage points above FY2003.

Chairwoman Leslie asked Ms. Ford to keep the Subcommittee apprised of the status of the aforementioned penalty, even though she appeared to be confident that no penalty would be assessed. The Subcommittee was not as confident and did not like the thought of coming up with millions of dollars to pay the penalty. Ms. Ford stated she would keep the Subcommittee informed and, likewise, she did not like the thought of paying that penalty.

Ms. Ford indicated that page 29 of [Exhibit B](#) also depicted the Child Support Enforcement Program data reliability penalty. That appeal was still pending before the Grant Appeals Board and the Division had appealed the 2003 penalty assessment. The Grant Appeals Board had recently issued an order staying the 2003 appeal until the 2002 appeal had been decided.

Senator Cegavske asked Ms. Ford to provide the Subcommittee with information regarding the number of clients that would take part in the additional training opportunities under E-425, NEON. That would include the community colleges and the culinary union programs. Senator Cegavske believed that information would be beneficial for the Subcommittee. The information should include the number of clients and the success of the programs. She stated she was very excited to see the Division utilizing both programs, and she reiterated that it would be beneficial for the Subcommittee to have that information.

Chairwoman Leslie asked Ms. Ford whether there was further information regarding TANF reorganization that the Subcommittee should know about that could potentially have an impact on the budget. Ms. Ford said there was new data and reporting requirements, which would affect the Division's computer systems and would probably require eventual changes. There were other things that could have an impact on the budget, but the Division was hoping that those changes would not be overly significant. Ms. Ford reported that one thing the Division was quite happy about with the TANF reorganization was the proposed solution to the problems in the Child Support Enforcement Program penalties and corrective actions, which would be retroactive. If that proposal passed, the Division would be free of the penalty status regarding the data reliability penalties in its Child Support Enforcement Program for federal FY2002-03.

Chairwoman Leslie referenced Decision Unit E-426, which recommended an increase in TANF funding to increase rates for substance abuse and domestic violence contract providers. She asked whether the amount requested would be sufficient. Ms. Ford said the proposed increase was 5 percent for providers, who had operated under the same rate since 1999. She did not know whether that was a sufficient raise, but the Division would like to provide at least a 5 percent increase. Ms. Ford indicated that most of the Division's contractors were nonprofit. Chairwoman Leslie asked whether the Division had problems getting clients into treatment programs. Ms. Ford said there was no trouble placing clients into programs, but some clients did not want to participate and were placed in sanction status. The Division worked closely with those clients to encourage participation in programs.

Chairwoman Leslie asked whether there were further questions from the Subcommittee and, there being none, closed the hearing on BA 3230. The Chair opened the hearing on BA 3238.

**HR, CHILD SUPPORT ENFORCEMENT PROGRAM (3238)**  
**WELFARE 33 – 39, Volume II**

**HR, CHILD SUPPORT FEDERAL REIMBURSEMENT (3239)**  
**WELFARE 40 – 41, Volume II**

Chairwoman Leslie said it appeared there was an appeal pending regarding the penalty assessed against the Division for a failed data reliability audit, and she asked what the basis was of the first appeal. Ms. Ford explained that the Commissioner of the federal Office of Child Support Enforcement (OCSE) had granted a waiver for one of the federal fiscal years on all data reliability issues, and yet the penalty had been assessed because of the problems with the data that year. Since the waiver had been granted there should be no penalty assessed, which was the main focus of the appeal. Chairwoman Leslie asked why it was so difficult to secure an answer regarding the appeal. Ms. Ford stated that the OCSE would not concede that the Division was correct, and the appeal had been submitted to the Grant Appeals Board in late May 2004 and was still pending. Ms. Ford believed that the Grant Appeals Board was waiting to see if Congress addressed the issue through TANF reauthorization.

Chairwoman Leslie asked about the second penalty, and Ms. Ford said the second penalty had escalated to 2 percent. The first penalty was approximately \$428,000 and the second was approximately \$856,000 because it escalated year after year. Ms. Ford indicated that if the first penalty was dismissed, the

second would be reduced to \$428,000. She noted that the Division had filed a timely appeal on the second penalty and, to be honest with the Subcommittee, she did not think the Division's chances were as good with the second appeal as it was with the first. Chairwoman Leslie asked why the chance was not as good with the second appeal. Ms. Ford replied that the Division had experienced some data reliability issues in federal FY2002, and it was hoped that the TANF reauthorization would pass allowing a corrective action period so the Division could correct its problem. Ms. Ford explained that the problem was that the federal OCSE did not provide any corrective action period, but simply told the Division it had failed and immediately assessed a penalty. There was no recourse and the OCSE would not stay the penalty pending the appeal.

Chairwoman Leslie pointed out that the liability to the State could be in the range of \$400,000. Ms. Ford stated that was correct, but if TANF reauthorization passed, it would be retroactive and the Division would be able to start with a "clean slate." Chairwoman Leslie asked whether there was the danger of a third penalty before there was a decision regarding the first two penalties. Ms. Ford indicated that the Division was in the midst of the audit for federal FY2004 and, hopefully, would pass that audit. She did not have sufficient information to make a prediction at the present time.

Chairwoman Leslie asked whether there had been programming changes to address the data reliability problem. Ms. Ford indicated that the Division had undergone a huge cleanup over the past summer, and had found that the main data reliability problem was in the paternity area. Staff looked at the system and the information appeared to be correct, but when the actual case jacket was pulled from the District Attorney's Office, the physical file did not match the information in the system. That was the data reliability. Ms. Ford reiterated that the Division had gone through a massive cleanup over the past summer and staff had reconciled all files for federal FY2003-04. Hopefully, that cleanup reconciled all problems and staff fully understood their duties after the training effort undertaken by the Division. Once again, Ms. Ford said the Division was hopeful that it would pass the data reliability audit for federal FY2004.

Chairwoman Leslie asked whether the Division had submitted a copy of the written language regarding the second appeal that could be provided to LCB Fiscal Division staff. Ms. Ford said that information would be made available to staff.

Chairwoman Leslie asked whether the Division had factored the possibility of paying the penalties into the projections for revenue and spending. Ms. Ford replied that the Division had not factored in the \$2.1 million for the work participation rate because it was felt that penalty would be dismissed. The two penalties pertaining to the Child Support Enforcement Program for the failed data reliability audit had been included.

Chairwoman Leslie noted that the major problem appeared to be in Clark County. Since the program was administered jointly between the various District Attorney's (DA's) Offices and the Division, Chairwoman Leslie wondered whether any of the penalties had been passed on to the county DA's Offices. Ms. Ford explained that the Division had renegotiated its contracts with the various District Attorneys and the penalty would be passed on based upon the relative responsibility of either party. If it was a system issue, it would be the responsibility of the Division, and if it was a user data entry issue, it would be the responsible party who entered the data, which could be either entity.



Chairwoman Leslie asked whether that stipulation was in the new interlocal agreement. Ms. Ford stated that was correct, and the new agreements had gone into effect January 1, 2005. If that stipulation was in place, Chairwoman Leslie asked whether a portion of the current penalties could be passed on to the counties. Ms. Ford said the Division had foregone the argument that the penalties could have been passed on until it determined whether or not the penalties would be assessed. Chairwoman Leslie asked whether it was still a possibility. Ms. Ford said there was a difference of opinion in the interpretation of the old contract, so it was still a possibility.

Chairwoman Leslie asked Ms. Ford to continue her presentation.

Ms. Ford stated the only other issue that might be of concern in BA 3238 was Decision Unit E-805, which proposed the reclassification of support enforcement specialist positions to align with the family services specialist grade levels and classification. That would give the Division greater flexibility to use staff where they were actually needed. The intent of that merger was not designed to downgrade current employees, which had been of concern. Ms. Ford said it was her understanding that should the reclassification receive approval, the State Personnel Department would conduct desk audits to determine the appropriate grade levels. Ms. Ford said both positions were currently classified at grade 32, and once the desk audits had been completed, the Division would determine where the actual grade levels would fall.

Chairwoman Leslie asked for information pertaining to the State Collection and Disbursement Unit (SCaDU) system. Ms. Ford reported that the Division had recently rebuilt the system and the system had gone live January 1, 2005, with remarkably fewer problems than anticipated. The old SCaDU system shut off December 31, 2004, and the Division had to go live with the new system without the preferred amount of testing. Ms. Ford said there were a few small "bugs" in the system that had to be resolved, but overall the payments were being processed.

Chairwoman Leslie referenced the aforementioned reclassification under Decision Unit E-805, and advised that there would be public testimony regarding that issue. The Subcommittee might ask for additional comments from Ms. Ford after that testimony was heard.

For the Subcommittee's perusal, Ms. Ford referenced page 31 of [Exhibit B](#) which depicted the collections for the Child Support Enforcement Program.

Chairwoman Leslie noted that the Subcommittee had no concerns regarding BA 3239, Child Support Federal Reimbursement, and asked Ms. Ford whether she had any comments regarding that account. Ms. Ford explained that BA 3239 was basically a pass-through account of the federal funding share to the various District Attorney's Offices.

Chairwoman Leslie closed the hearing on BA 3238 and BA 3239, and opened the hearing on BA 3232.

**HR, ASSISTANCE TO AGED AND BLIND (3232)**  
**WELFARE 42 – 43, Volume II**

Chairwoman Leslie said the main issue in BA 3232 was the increase in caseloads. Ms. Ford explained that BA 3232 contained the State supplement

paid to the federal government, who then provided supplemental income to low-income aged and blind recipients in adult group care facilities. Decision Unit M-200 addressed potential caseload increases, as the Division projected that caseloads would increase by 7.12 percent in FY2006 and by 11.31 percent in FY2007. Ms. Ford noted that the increase was simply to pay the existing piece of the State supplement to the federal government into the next biennium, based on caseload increase.

Chairwoman Leslie stated that one concern was whether the Division should be reporting to the IFC regarding the annual cost-of-living increases. There seemed to have been less controversy since the Division split the payments, and Chairwoman Leslie asked if it was the Division's intent to continue with the split payments. Ms. Ford said at the last IFC meeting she attended, she had been asked to approach the Welfare Board regarding its recommendation about how to split the payments, and the issue would be on the agenda for the upcoming Board meeting. Ms. Ford believed that was a wonderful suggestion and the Division would go forward and ask the Board for its thoughts regarding the payment split. Chairwoman Leslie asked that Ms. Ford keep the Subcommittee updated regarding that issue.

Chairwoman Leslie closed the hearing on BA 3232 and opened the hearing on BA 3267.

**HR, CHILD ASSISTANCE AND DEVELOPMENT (BA 3267)**  
**WELFARE 44 – 50, Volume II**

Chairwoman Leslie asked about the proposed development of the Nevada Child Care Systems (NCCS). Ms. Ford said the main issue in BA 3267 was the proposal to build a new child care computer system. Currently, the Division had two systems that were maintained by a contractor, one in northern Nevada and one in southern Nevada, which meant that the Division did not have direct access to information. Ms. Ford indicated that the Division received information through its contractors. The proposal was to build a system at the State level that would interface with the Division's other State systems, so information could be captured and also controlled. Ms. Ford said the Division would provide access to the system for its contractors via passwords. The system would determine eligibility and process attendance rosters for children who had been in care, provide resource referrals, calculate co-payments, verify payments to child care providers, et cetera. According to Ms. Ford, the Division would generate its own reports and would have better control over the program.

Chairwoman Leslie asked whether the State would realize cost savings by implementing the new system. Ms. Ford believed that the State would realize a cost savings over the long run because, at the present time, the Division was paying maintenance costs on two separate computer systems. She also pointed out that the cost of building the system would be paid through federal funding. Chairwoman Leslie asked whether the Division anticipated a reduction in administrative costs to the contractors once the system had been implemented. Ms. Ford believed some administrative costs would be reduced because the contractors would not be required to maintain the programmer and the system support currently provided in-house. Chairwoman Leslie asked Ms. Ford to estimate those savings and provide information to LCB staff. She also asked who would provide the training to contractors regarding the new system. Ms. Ford replied that the Division would provide the training, and the contractors were working closely with the Division regarding the new system.

Chairwoman Leslie asked about the recommendations included in an executive audit that had recently been released regarding the proposal for the new system. Ms. Ford said the audit report recommended that the State look at taking over more of the administrative costs of the program rather than using contractors in order to save duplicate administrative costs. The Division would evaluate those costs over the upcoming biennium, and Ms. Ford believed that the new computer system would be critical to that evaluation.

Chairwoman Leslie stated that, given her background with the Children's Cabinet, she did not want anyone to think she had a biased opinion to begin with, especially given the problems the State had experienced with the EOB Community Action Partnership organization in southern Nevada. She asked if the suggestion was that the State take over the entire process and eliminate the contractors. Ms. Ford stated that was a possibility and the Division would look at the possibility of the State taking over the eligibility piece and, similar to Medicaid, utilize a fiscal intermediary for the actual provider payments. She noted that contracting at the State level was somewhat cumbersome. Chairwoman Leslie said if the State took over eligibility, the Division could be sure that the same standards were being used on a statewide basis. Ms. Ford stated that was correct.

Chairwoman Leslie noted that the Division was looking at implementation of the system within Decision Unit E-275 during the upcoming biennium, which would give the contractors approximately 2 years notice that the situation might change. Ms. Ford said the Division would work with the contractors to determine how they could accommodate each other and determine where the cost savings would be. Chairwoman Leslie indicated that the Legislature did not want to repeat the EOB experience and, if the new program was the answer, the Subcommittee was certainly open to that. Chairwoman Leslie stated she would secure a copy of the audit and read the findings.

Assemblyman Denis asked if a contractor was developing the new system, and what type of system would it be, that is, a proprietary system or an off-the-shelf system. Mr. Buonacorsi said that the RFP for the system had not yet gone out and the Division was still working on that process, but the system would go out to contract. According to Mr. Buonacorsi, the new system would be contracted as a stand-alone, turnkey system, but rather than a stand-alone system outside the State environment, such as the Welfare Division currently supported, the new system would be built to interface with the Division's current infrastructure and support mechanisms. He stated that when the Division took over the system it would be a turnkey system and the maintenance of effort would be more simple, as opposed to buying a standard off-the-shelf solution that would have to be retrofitted to fit the Division's needs. Mr. Buonacorsi said the system would be a custom written application that would conform to the Division's current information services standards.

Mr. Denis asked whether there was a system available that had already been developed. When agencies developed their own systems it was more difficult to address problems, versus a system that was already working in another entity and could be customized to fit the need. Mr. Buonacorsi said the difficulty was in trying to integrate an off-the-shelf system into the Division's other data systems. He said the Division had a breadth and depth of systems that were very unique, specifically NOMADS, where application databases were combined. There was a very unique environment under which the state of Nevada operated, and it would be very difficult for a vendor to try and customize a stand-alone system to integrate into the Division's system to allow

data sharing. Mr. Buonacorsi stated it was very complicated and the Division had researched that possibility when one of the RFPs was recently released, but there had been too many technical challenges. He believed that for long-term stability, integration, and to become a more seamless platform for what was envisioned for the Welfare system, it would make more sense to build a system that would integrate into the Division's current state eligibility systems.

When the system had been developed, Mr. Denis asked whether other states would be able to utilize the system. Mr. Buonacorsi stated that he did not know, but since it was being built with federal money one of the requirements would be to make it available to other states. The requirement was that if a system was built with federal funds it would be available to other states. Mr. Buonacorsi stated, in his opinion, the system would be available for other states. The difficulty would be that the Division's platforms were quite explicit and it was the process of the forms and notice conversion project that incorporated the new environment and the platforms with the file and Enterprise Content Management systems. Mr. Buonacorsi said unless another state had that same type of Enterprise global-type platform, it would be very difficult to use Nevada's system. The Division was building the application to fit with its current long-term strategies and Mr. Buonacorsi was not sure that another state would be able to utilize the system.

Mr. Denis stated his concern was that other systems had been developed and sold to other states and, even though the system was funded with federal dollars, the State had added costs, and he hoped that the State would receive some type of discount in the future. Mr. Buonacorsi said it would be very difficult for another state to use the Division's system because of the complexity of the NOMADS system with the combined database and the other systems that coordinated with NOMADS extensively. There was a significant amount of data sharing back and forth between applications. It was a very unique system and many other states operated separate systems rather than a combined system such as NOMADS. In addition to that complexity, said Mr. Buonacorsi, the new system would add into the Enterprise Content Management solution the forms and notice process, and another state would have to replicate the Division's entire computer environment in order to use the new system.

Chairwoman Leslie questioned the proposed consolidation of several categories in the base budget, and noted that those categories had been both consolidated and unconsolidated, and now the Division was asking to consolidate the categories again. She indicated that the Subcommittee had concerns regarding tracking the quality assurance category and other administrative costs. Ms. Ford said the Division was very sure about the consolidation. Part of the problem was the manner in which the Division was required to submit its federal reports, which would not track with the way the State budget operated. Many machinations were gone through in order to produce the required federal reports. Ms. Ford explained that the Division was attempting to consolidate those budgets to coincide with the federal reporting mechanism. The Division could still collect data programmatically, but that was not the method used by the Division to compile the federal reports. Ms. Ford said the Division was attempting to make the State budget track with federal reporting in order to make it easier for its accounting and budget units to assemble the complex federal reports.

Chairwoman Leslie said the Subcommittee wanted to ensure that LCB Fiscal Division staff could track the Welfare Division's budget issues, and

consolidation of the categories would make that difficult. She asked Ms. Ford to meet with LCB Fiscal Division staff to ensure that everyone was cognizant of the proposed consolidation and was comfortable that the required information would be accessible. Ms. Ford stated she would comply with that request.

Chairwoman Leslie noted that the Division had increased provider rates without legislative input, and the Legislature wanted to know the details and liked to be involved in those decisions. She stated that Ms. Ford should not be surprised if a Letter of Intent was issued taking that authority back. Ms. Ford pointed out that the Division was required by federal law to conduct a market survey regarding rates in the child care provider industry every 2 years. Those surveys were conducted by the Division during the spring of even-numbered years. Ms. Ford noted that the Division was not necessarily required to change provider rates based upon the survey, but it was required to conduct the survey.

Chairwoman Leslie indicated that the Legislature would like to be involved in that decision. Ms. Ford stated that she would not object to that request, but she pointed out that numerous changes had been made in the child care policy, and the Division's spending in child care had been greatly reduced. The Division had entered FY2004 with \$8 million in carry-forward funds and it had researched areas that were experiencing problems by holding public workshops. Ms. Ford said that providers did not want to provide infant care because they would only make 50-cents per day from the Division's rate. She emphasized that it was extremely difficult to obtain providers, so the Division had promoted rate increases. Two years ago the Division had decreased its rates from 75 percent of the market rate to 70 percent of the market rate because of budgetary constraints. Ms. Ford stated that the new increases had helped make up the difference.

Chairwoman Leslie stated that she did not object to the increases, but she reiterated that the Legislature wanted to be involved in those decisions because it affected the number of children served in different categories.

Chairwoman Leslie referenced the Head Start Grant transfer, and noted that there appeared to be a small federal grant that the Division had not been spending in a timely manner. In response to concerns from the federal government, the DHR had suggested that the grant funding be moved out of the budget account for the Welfare Division to the DHR Administration budget account. Ms. Ford explained that during the 2003 Session, the funding in the Community Collaborations account within the Health Division had been transferred to the Welfare Division. At that time, the Division did not realize that the Governor had designated that the Head Start Program be placed within the DHR Administration budget account.

Ms. Ford stated that over the past biennium, reports regarding the Head Start Program had been sent to Michael Willden, Director, DHR, for signature because that program was supposed to be within the Director's Office. When the situation had been brought to Ms. Ford's attention, along with the fact that the federal government recommended that the Head Start Program remain under the auspices of the DHR Director's Office, it was suggested, via budget amendment number 44, that the funding for the Head Start Grant be transferred to the DHR Administration account (BA 3150). Ms. Ford advised that it was a very small grant and the Grants Management Unit was familiar with the grant and the people involved in the program. She explained that was the reason the budget amendment had been submitted.

Chairwoman Leslie closed the hearing on BA 3267 and opened the hearing on BA 4862.

**HR, ENERGY ASSISTANCE – WELFARE (4862)**  
**WELFARE 51 – 56, Volume II**

Chairwoman Leslie asked for clarification regarding the requested increase in the administrative cap (Decision Unit E-425). Ms. Ford explained that the administrative cap allowed the Division to utilize 3 percent of the Universal Energy Charge (UEC) distributions it received on administrative expenses. The Division received 75 percent of the money in the Fund for Energy Assistance and Conservation, and the Housing Division received the remaining 25 percent of that money. Ms. Ford stated that S.B. 123 was pending before the Senate Committee on Commerce and Labor, and that bill would increase the cap from 3 percent to 7 percent. Page 35 of [Exhibit B](#) contained information regarding the impact of that change.

Currently, said Ms. Ford, the Division was spending approximately 6 percent on administrative expenses, with 3 percent utilized from the aforementioned 75 percent funding allocation, and the extra 3 percent realized from housing bond monies. She pointed out that housing bond monies would cease on June 30, 2005, therefore, the Division would no longer have access to that money and would have to make up the difference. Ms. Ford stated that with 6 percent used for administrative expenses, the case processing time frame for determining eligibility was 10 to 12 weeks, and the Division did not believe that was reasonable. The Division wanted to utilize 7 percent of the 75 percent allocation of UEC revenue because it believed the case processing time could be reduced to within 30 days, which would be reasonable. Ms. Ford said that was the reason the Division had asked that the administrative cap be increased to 7 percent.

Ms. Ford pointed out that page 35 of the exhibit depicted the real impact of the request. The Public Utilities Commission (PUC) had agreed to reduce its 3 percent administrative cost from the UEC revenue to 2 percent because it had not utilized the 3 percent in the past. Assuming that \$10 million was the amount of the UEC collection, with 2 percent allocated to the PUC for administrative purposes, the amount available to the Welfare and Housing Divisions would be \$9.8 million. The Welfare Division would receive 75 percent or \$7.35 million, of which 7 percent, or \$514,500, could be utilized for administrative purposes. Ms. Ford stated that represented 5.145 percent of the total UEC collection for administrative expenses, and the Division currently received 2.1825 percent of the total collection. She explained that the net administrative cost increase to the UEC revenue would only be approximately 2 percent. Ms. Ford reiterated that S.B. 123 was pending in the Senate Committee on Commerce and Labor. If the Division was going to maintain case processing at 10 to 12 weeks, it would require the cap increase to 6 percent, however, if the cap remained at 3 percent, the case processing time frame would double.

Senator Titus said what distressed her regarding the administrative cost was that there was approximately \$14 million in the fund that had never been distributed to assist eligible people in paying their energy bills. Ms. Ford referenced page 34 of [Exhibit B](#), and noted that the carry forward figure for FY2005 was \$14,456,444. She explained that it took from 3 to 5 years for a program with the magnitude of the Energy Assistance Program to attain full implementation, and the Division was in the third year of the new benefit

calculation. Ms. Ford said that for the current year, based upon statistics in The Executive Budget, the Division was projected to reduce the carry forward to \$11 million, so it would spend \$3.5 million of the carry forward during the current fiscal year. Based on current statistics, it appeared that the Division would spend approximately \$5 million of the carry forward amount. Ms. Ford said that during FY2006, the carry forward amount would be reduced to \$6 million and at the end of FY2007 the carry forward would be reduced to \$1.7 million. She stated that the Division was spending the money. The Division evaluation stated, "It is reasonable to expect carry forward in the startup years of a program of this magnitude..." and Ms. Ford emphasized that the Division was in the process of spending that carry forward at the present time.

Senator Titus said the Energy Assistance Program had come under attack because it had been controversial when first enacted and now people realized that the money had not been spent. While she appreciated the evaluation that said it took time to start a program of such magnitude, when the Division was "sitting" on \$14 million that was supposed to help low-income people pay their energy bills, it was difficult to defend the program. Senator Titus stated there was pending legislation that recommended moving a portion of the \$14 million out of the Division's Energy Assistance Program and into weatherization and solar heat programs. Rather than handing out a check to pay a bill, such action would address programs that, over the long run, would help bring energy bills down, which made sense.

Ms. Ford believed it was up to the Legislature to decide how it wanted to expend the funds, and the way the Division was expending the funds at the present time followed the direction of the Legislature. If the Legislature wanted to take a portion of the carry forward and put it in another budget account, that would be a legislative decision. She reiterated that it did take time to start up such programs, and in the first year of the program in FY2002, the Division had served 6,600 more households than during the prior year. The Division had also been able to expand its Energy Assistance Program to a year-round program. Ms. Ford stated that during the last year the program had served 16,000 households and, during the current year, the Division was projected to serve 22,000 households, so the program continued to grow and serve households. Ms. Ford reiterated that it was a legislative decision regarding how the money was allocated, and the Division would administer the program as directed by the Legislature.

Senator Titus asked what efforts had been made regarding outreach to let people know about the Energy Assistance Program. Ms. Ford stated the Division had a contractor who had been conducting an outreach program for approximately 1 year. As a result, the program's caseload had risen over 40 percent and there were more applications coming into the Division than it could process, which was why there was a case processing time frame of 10 to 12 weeks. The Division continued its contract with the outreach contractor and expected additional outreach programs in the future.

Senator Titus referenced the growth within the State, particularly in southern Nevada, and she asked if there were figures available regarding how much the fund would grow. Ms. Ford referred to page 34 of [Exhibit B](#), which depicted that the gross receipts received by the UEC would increase and the Division currently received 75 percent of the annual revenue. The Division's spending path for the UEC revenue would increase dramatically over the upcoming biennium.



Senator Titus asked if that increase was in anticipation of new clients. Ms. Ford stated it was based on new clients and also because when the computer system had originally been built for Energy Assistance, the Division had programmed the system to spend low-income Home Energy Assistance Grant money first, housing bond revenue second, and the UEC revenue last. Ms. Ford explained that the Low Income Home Energy Assistance (LIHEA) block grant funding would revert if not spent, so the Division reasoned that the grant funding should be spent first. According to Ms. Ford, that might have been the wrong method because the Division had artificially deflated its expenditures in UEC funds. The computer program had been corrected July 1, 2004, and the Division had spent over \$7 million in UEC funds during the current fiscal year; the Division received approximately \$8 million per year from UEC funding. Ms. Ford stated the Division was projected to spend approximately \$5 million of the carry forward during the current year. Senator Titus asked if that was being spent in direct transfer payments to clients for power bills. Ms. Ford stated that was correct.

Senator Cegavske stated that the Subcommittee would like to see the costs for outreach and/or advertisement, and would also like to review the contract that the Division had entered into with the company who conducted the outreach programs. Senator Cegavske referenced the statistics for the number of applications received for energy assistance, and asked for clarification. She noted that the total applications received in FY2003 were 11,347, and as of July 1, 2004, the Division had received 16,156 applications. Eligible households in FY2003 were 9,407 and as of July 1, 2004, eligible households numbered 7,870. The ineligible households for FY2003 were 1,315, and that number jumped to 2,165 as of July 1, 2004, with pending applications going from 625 in FY2003 to 5,621 in FY2004.

Ms. Ford stated she was not aware of the source of those statistics, and Chairwoman Leslie explained that the information was from a caseload packet that had been provided to LCB Fiscal Division staff from the Division entitled "Energy Assistance Program, Cumulative Application Statistics Comparison, FY2004 - FY2005." She stated she would provide a copy of that report to members of the Subcommittee. Chairwoman Leslie stated the concern was that it appeared the Division was doing worse in terms of eligibility. Ms. Ford stated that was because the Division did not have adequate administrative dollars to ramp-up and hire staff to determine eligibility. In FY2004 there had been 621 pending applications and in FY2005, there were 5,354 pending applications. Ms. Ford said that was because there had been a 40 percent increase in applications and the Division did not have the staff to process those applications.

Chairwoman Leslie said that would explain the pending applications, but that did not explain why so many applicants were judged ineligible. Ms. Ford stated that was related to the outreach program because, after hearing about the program, people who were not eligible often submitted applications. Chairwoman Leslie opined that the outreach program must not provide the parameters of the program. Ms. Ford said that criteria for eligibility required: (1) That the household income was below 150 percent of poverty; (2) That the household had expended 3 percent of the household income toward energy costs; and (3) That the energy bill was higher than the median household income. Ms. Ford stated that a fixed annual credit at the present time would consist of the difference between the median household energy costs and what the applicant actually paid in energy costs. She explained that some people were



energy conservationists and did not pay high energy bills, which meant they would not qualify for benefits under the Energy Assistance Program.

Chairwoman Leslie asked Ms. Ford to explain the rationale behind the chart in the aforementioned packet to LCB Fiscal Division staff because the Subcommittee was concerned about the program.

Assemblywoman Giunchigliani stated that she had supported creation of the Energy Assistance Program and believed that it had been the right move at the time, particularly now that people were faced with rising energy costs. She believed it was time to re-evaluate the need and, perhaps, make eligibility requirements less complicated. Ms. Giunchigliani indicated that the outreach program was apparently bringing in applicants who were not eligible, which created a backlog for caseworkers and caused the entire process to become a "vicious cycle." Ms. Giunchigliani stated that power companies would allow customers to apply credit to their bills and she asked whether, based on billing, there might be technology available that would simplify the program. Ms. Ford explained that the benefit in the Energy Assistance Program was paid to the power and gas companies and appeared as a credit on each client's bill. The benefit was not paid directly to the client.

Ms. Giunchigliani indicated that it was the cumbersome initial step regarding eligibility that seemed to hamper the process for everyone. Ms. Ford said that determining 150 percent of poverty level depended on household size, and it would be very difficult to publicize the amount that would be determined as 150 percent of poverty for every household. The Division attempted to advise that a household consisting of 4 persons, with an income level below a certain amount each month, might be eligible for the program. Ms. Giunchigliani said it appeared there had been approximately 16,000 households that had taken advantage of the program and had submitted applications. Ms. Ford reported that for the past year, the Division had determined that 16,000 households were eligible for the program and, for the current year, the Division anticipated that 22,000 households would be eligible.

Ms. Giunchigliani asked what happened after the initial step of eligibility determination, would there still be an application process, or did the Division notify the appropriate power company directly and credit the applicant's bill. Ms. Ford explained that the Division first had to calculate the amount of the benefit and that amount would be sent to the power company for credit on the applicant's bill. Ms. Giunchigliani asked if the process could be simplified by using a flat rate. Ms. Ford indicated that *Nevada Revised Statutes* (NRS) stipulated that the benefit would be the difference between what the median household paid and the applicant's bill. If the applicant had a \$2,000 energy bill for the past year, and the household had spent 3 percent of its income toward that bill, the benefit would be approximately \$1,400.

Ms. Giunchigliani said she would like to link the Division's Energy Assistance Program to other programs, such as weatherization, and she asked whether there was a linkage between such programs. Ms. Ford stated that there was a linkage, and she pointed out that the benefit from the Division's program was an annual, once a year, benefit rather than a monthly benefit. Thirty days before the end of the year, the Division sent the client a new application to reapply for the following year. Energy Assistance Program benefits of \$2,000 or more would generate an automatic referral to the Housing Division for weatherization services. Ms. Ford said that staff from the Housing Division would then evaluate the client's house to determine whether or not

weatherization would be beneficial. Ms. Giunchigliani asked about follow up after the referral, and would the Welfare Division know if weatherization services had actually been provided. Ms. Ford replied that the Housing Division would have that information.

Ms. Giunchigliani asked about the UEC funding that was allocated to the Housing Division. Ms. Ford explained that the 25 percent allocation from the UEC to the Housing Division was utilized for weatherization purposes. That Division utilized 6 percent of that 25 percent for administrative costs.

Ms. Giunchigliani noted that growth did not seem to be a driving factor in the UEC gross receipts or the actual revenue received from the UEC for the Energy Assistance Program. The population of the State had greatly increased, but the figure for UEC gross receipts for FY2006 was not significantly greater than the amounts for FY2004 and FY2005. Ms. Ford said the growth in UEC gross receipts was dependent upon the mil charge paid to the PUC by certain electric/gas companies. Ms. Giunchigliani opined that the amount should have been greater. Ms. Ford believed that the projections were accurate.

Assemblyman Denis asked about clients who did not qualify because they had been conserving energy. He asked if a senior citizen conserved energy to keep the bills low, but still could not afford to pay the bill, would that senior citizen not qualify for the Energy Assistance Program. Ms. Ford stated that was correct as far as the program that utilized UEC revenue. The Division would pay a minimum benefit through the Low Income Home Energy Assistance (LIHEA) grant to such households. Ms. Ford indicated that passage of the aforementioned S.B. 123 would give her the flexibility to set limits. What she proposed was to set limits that would provide a minimum benefit from the UEC revenue program for those persons who conserved energy, as a reward for being frugal. According to Ms. Ford, one of the issues that surfaced with the UEC program was that many of the elderly were not receiving the anticipated benefits, and part of the incentive for the program had been to provide assistance to the elderly.

Mr. Denis said people he had referred to the power company for energy assistance were usually told there was no money to assist with utility bills. He asked whether the program was cyclical, and since there was approximately \$14 million in carry forward funds, he wondered why people were not receiving assistance. Ms. Ford said the utility companies would normally refer people to the Division's program immediately because the companies were aware that the program was available. She emphasized that the Division worked very closely with the utility companies. If a person or household had already received the annual benefit, a new application would be required for the following year.

Senator Mathews asked whether there was any linkage between the Division's program and the Community Services Agency (CSA) in Reno, who also assisted with energy bills. Chairwoman Leslie explained that CSA also utilized funds from the LIHEA grant, and she believed it also offered weatherization programs. Senator Mathews indicated that the CSA did offer a weatherization program. Ms. Ford stated that the CSA utilized Residential Energy Assistance Challenge Option (REACH) grant funding. Senator Mathews asked how the programs would link, because the CSA did not pay an annual benefit, but rather paid utility bills on a monthly basis. Ms. Ford indicated there were many programs available, such as the Salvation Army program in southern Nevada. Senator Mathews stated she was asking whether there was any existing link

between local programs and the Division's programs. Ms. Ford replied there was no link between those programs.

Chairwoman Leslie indicated that she would like to discuss the administrative cap further, and she asked about the use of Kelly Services for temporary personnel. Ms. Ford said the Division used contract people because the Legislature had not approved the initial positions for the program. Legislative approval would be needed to hire new State employees to handle the work. Ms. Ford explained that the Division had 5 State employees assigned to the Energy Assistance Program and, in order to provide eligibility, the Division contracted through various temporary services to bring in contract workers to help process eligibility applications. Part of the difficulty with contract workers was the possibility that they would leave the temporary position to take full-time jobs. Ms. Ford noted that people were looking for jobs with benefits and the Division had a constant turnover in its temporary personnel.

Chairwoman Leslie said the Subcommittee was not convinced about the issue of increasing the administrative cap and, given the questions asked by Subcommittee members, there appeared to be numerous issues that needed to be addressed. She asked Ms. Ford to review the request to increase the cap and determine if there might be a better way going forward that would save money administratively rather than spending additional money for administrative needs.

Ms. Ford said she was not sure she understood the concern because at the present time, the Division was spending at 6 percent of the 75 percent allocation for administrative costs, and had been able to do that by using housing bond revenue. She noted that the Division used approximately \$250,000 of housing bond money to help with administrative cost. Ms. Ford reiterated that the money from housing bonds would cease effective June 30, 2005. With the current 6 percent administrative cost, the time frame for case processing was 10 to 12 weeks, and if the Division was not able to secure additional administrative dollars in the program after June 30, the case processing time frame would double because the administrative dollars would be cut in half.

Chairwoman Leslie stated that the Division's performance indicators depicted a case processing time of 3 weeks over the next biennium. Ms. Ford said that the Division's goal, with the increase in the administrative cap, would be to process cases within 30 days. Chairwoman Leslie indicated that the request to increase the administrative cap would require further justification.

Assemblywoman Giunchigliani asked about the backlog of 5,621 cases waiting for eligibility determination. Ms. Ford stated that was correct, and it took the Division 10 to 12 weeks to process those cases because of the volume of applications based on the outreach program. She indicated that the applications had increased and the Division did not have adequate staff. Ms. Giunchigliani said perhaps part of the discussion, aside from S.B. 123, would be to spend additional time simplifying the program so it would not take staff as long to process cases, and the program could actually capture the people originally envisioned for the program. She opined that a 10 to 12 week processing time was ridiculous, both for Division staff and the applicants. Ms. Ford pointed out that energy usage was the information needed, and the Division had interfaces with Sierra Pacific Power, Nevada Power, and Southwest Gas, but for all other participating energy providers, the Division had to secure energy use manually in order to complete the calculation.

Chairwoman Leslie referenced the transfer of NOMADS programmer positions from the DoIT to the Division (Decision Unit E-503), and she asked whether the cost savings that would be realized by a decrease in programmer services paid to DoIT had been factored into the administrative cap. It appeared that approximately \$82,000 would be saved in each year of the biennium. Ms. Ford stated that the administrative cap for the Energy Assistance Program was basically for eligibility workers and cost allocation for staff. Chairwoman Leslie asked about the decrease in programmer fees paid to DoIT. Ms. Ford said that would be part of program design and she did not believe there would be a savings to the Division.

Mr. Stagliano believed that the cost savings in the budget reflected the change from paying as a contractor for DoIT services and changing to State salaries within the Division for those positions. Chairwoman Leslie asked whether the amount was included in the overall budget, and Mr. Stagliano replied in the affirmative.

With no further questions or testimony forthcoming in BA 4862, Chairwoman Leslie closed the hearing and opened the hearing for public comment.

Scott MacKenzie, Executive Director, State of Nevada Employees Association (SNEA), American Federation of State, County and Municipal Employees (AFSCME) Local 4041, referenced [Exhibit C](#), a packet of information provided to the Subcommittee which contained:

1. Petition signed by 28 out of 33 employees in the support enforcement specialist classification
2. Occupational Group Study Recommendation
3. Occupation Group Study
4. Class specification
5. Welfare Division budget

Mr. MacKenzie referenced page C-61 of the exhibit and noted that Decision Unit E-805, Classified Position Reclassifications, was the issue in question. The decision unit requested reclassification of support enforcement positions to align with family service specialist position grade levels throughout the Division. Mr. MacKenzie indicated that positions with similar level of duties and responsibilities should be classified at the same level. Obviously, employees did not want their positions to be declassified if they would suffer a cut in pay as a result. He pointed out that the first two pages of [Exhibit C](#) contained a petition, which had been signed by 28 out of 33 employees who were against the reclassification.

Mr. MacKenzie indicated that the exhibit also contained a Department of Personnel "Occupational Group Study Recommendation" dated July 1, 2003, page C-5. The issue had been recently studied and reaffirmed that the positions should be at a pay grade 32 rather than grade 31. Mr. MacKenzie stated the exhibit also included the "Occupational Group Study" dated April 20, 2001, the class specifications, and the budget pages for the Welfare Division. He said the concern was that the study conducted 2 years ago reaffirmed the classification level for support enforcement specialist positions, but The Executive Budget recommended aligning those positions with the family services specialist positions at a lower grade level. Mr. MacKenzie stated that the SNEA did not

believe that was appropriate or correct in terms of the way civil service employment should work.

Mr. MacKenzie introduced Glen Parvin, Support Enforcement Specialist II, Welfare Division, who would like to address the Subcommittee on behalf of the employees who had signed the petition.

Mr. Parvin stated he had worked for the Welfare Division since 1990 in various positions, but since July of 1998 he had worked with the Child Support Enforcement Program as a support enforcement specialist in the Reno office. Mr. Parvin explained that child support cases began as welfare cases and were referred to the Child Support Enforcement Program to locate the absent parent and establish a legal obligation for that parent to pay child support. The process involved establishment of parenthood, service of legal notices, making presentations to courts, and negotiating stipulated agreements. Mr. Parvin said at each step along the way, the support worker had to be aware of federal time frames, Nevada law, and Welfare Division policy. The Reno office also enforced Douglas County cases that had a connection to welfare.

According to Mr. Parvin, the Child Support Enforcement Program was considered one of the most important tools in helping welfare recipients become self-sufficient. The revenue generated by the Program not only helped recipients, but partially funded programs in many areas of the Welfare Division budget. Mr. Parvin said the revenue was also an important consideration in federal TANF funding.

Mr. Parvin advised that he was present at the hearing because one of his coworkers had seen an item in The Executive Budget that proposed the reclassification of child support enforcement specialist positions from a grade 32 to a grade 31, which was equal to a family support specialist. He stated that employees had been unaware of that recommendation until approximately 2 weeks ago. Mr. Parvin said placing a downgrade in a budget decision unit would deny employees the due process and protection entitled by State law, making personnel matters arbitrary and sending a demoralizing statement to workers. Mr. Parvin stated that the employees had contacted SNEA, which drafted and circulated the petition protesting that item. That petition had been signed by all child support enforcement specialists in Nevada, except those in the central office, who had not been contacted.

The employees and SNEA had prepared the package, [Exhibit C](#), which had been presented to the Subcommittee. Mr. Parvin noted that the exhibit contained a copy of the petition, the recommendations of the Department of Personnel's "Occupational Group Study Recommendation," which showed that support enforcement specialist positions were functioning at a higher level than the family support specialist positions. The exhibit also contained a copy of the group study, which described in detail the duties of the support enforcement specialist positions, the class specifications, and a copy of the proposed Welfare Division budget.

Mr. Parvin stated that the employees were objecting to Decision Unit E-805, [Exhibit C](#), page C-61, which proposed to downgrade the child support enforcement specialist positions, which would save the Welfare Division approximately \$30,000. The recommendations contained in the July 2003 "Occupational Group Study Recommendation," page C-5, indicated that the Department of Personnel had determined there were sufficient differences in duties and responsibilities between the support enforcement specialist positions

and the family support specialist positions to justify the higher pay grade for the former. Mr. Parvin said there had been no changes in the level of decision making or autonomy since that study.

In her previous testimony, Ms. Ford had indicated that the reason for the change was to make it easier to transfer people between departments. Mr. Parvin noted that most of the staff within the Child Support Enforcement Program had transferred from family support specialist positions at grades 31 or 32. The learning curve for the Child Support Enforcement Program was approximately 1 year, and even though he had past experience in the family support area, Mr. Parvin said if he transferred back to that program, it would take him 1 year to become proficient in that program area.

For those reasons, said Mr. Parvin, the support enforcement specialists for the Welfare Division would ask that the Subcommittee reject the reclassification and downgrade requested in Decision Unit E-805.

Chairwoman Leslie pointed out that Decision Unit E-805 would represent a decrease in funding rather than an increase, and that would occur because of the reclassification where employees would be bumped down to a lower pay grade. Chairwoman Leslie believed that the crux of the matter was the Department of Personnel's "Occupational Group Study Recommendation" effective July 1, 2003, and she asked why the Division had not followed the recommendations of that study.

Ms. Ford explained that the Division would ask representatives of State Personnel to conduct desk audits to determine what grade level the employees would be once the two classifications were merged into the family services specialist series. Ms. Ford said the Division would indicate whether employees were family support specialists or support enforcement specialists, and if State Personnel determined that those positions should remain at a grade 32, they would be classified as a family support specialist III, which was a grade 32. Chairwoman Leslie said that should be done prior to a change in classification. Ms. Ford indicated that at the time the budget request was submitted, the Division had not realized how that request would be affected by State Personnel rules. For that reason, the Division could audit the desks through the NPD 19 process rather than make a classification change via a decision unit within the budget. Chairwoman Leslie stated that she could understand the position of the employees, and Ms. Ford agreed.

Chairwoman Leslie thanked Mr. MacKenzie and Mr. Parvin for their testimony, and indicated that the Subcommittee would review the issue. She asked whether there was further testimony to come before the Subcommittee.

Lawrence Fry, President, Coalition of Assisted Residential Environments (CARE), informed the Subcommittee that his testimony was concerning BA 3232, Assistance to Aged and Blind, and he referenced [Exhibit D](#), a letter dated March 17, 2005. Mr. Fry said CARE represented assisted living or licensed residential facilities in both northern and southern Nevada, and many of those facilities cared for residents who were receiving either welfare or Supplemental Security Income (SSI) benefits.

Mr. Fry indicated that he not only represented CARE, but also owned a 54-bed assisted living facility in Dayton, Dayton Parkview Adult Residence, and he noted that approximately half of the clients residing at his adult residence were receiving welfare or SSI benefits.

Mr. Fry indicated that he wanted to address what he believed was the inequity or need for the State to grant a cost-of-living increase to its portion of the total SSI rate for residents of care facilities. He said the SSI rate was comprised of a federal and state component, and every year a cost-of-living increase was granted for the federal component. According to Mr. Fry, the Welfare Division was very judicious about allocating a portion of that increase for the personal spending needs of the resident, with the rest being allocated to the operators in order to cover operating costs.

Mr. Fry stated that CARE had analyzed the trend going back 17 years, and found that the State had not granted a similar cost-of-living increase for its portion of the SSI rate over that period of time. The overall rate increase needed to bring the State's share "up to speed" would be \$41.25. Mr. Fry said that the going rate for a level one assisted living facility was anywhere from \$1,600 to \$2,000 per month, and the current SSI benefit to operators was approximately \$829 per month. That was not sufficient for a facility to remain in business and, fortunately, private paying clients made up the difference somewhat, but it was difficult to remain in business and meet cost increases when the operator was only reimbursed \$829 a month for some residents.

Mr. Fry noted that facilities had suffered increases in insurance costs, food costs, and licensing fees over the past 3 years, and he encouraged the Subcommittee to review the area of BA 3232, regarding state funding, to ascertain whether it would be possible to increase the State's portion of SSI funding.

According to Mr. Fry, the analysis had been submitted to the Welfare Division, and that entity agreed that the increase would be appropriate. The increase had been included in the budget request for the Welfare Division, however, it had not made the final cut for The Executive Budget. Mr. Fry asked that the Subcommittee consider restoring that piece into BA 3232.

Chairwoman Leslie asked for information regarding the amount that had been cut from the Division's initial budget request. Mr. Fry believed that the Welfare Division had that information. Ms. Ford said that the amount was included in The Executive Budget under the "unfunded" requests. Chairwoman Leslie asked about the amount. Ms. Ford stated that the amount was \$212,000 for each year of the biennium. Chairwoman Leslie asked whether that amount would address the cost-of-living increase for the State's portion of SSI. Mr. Fry said that would account for increases going back 17 years; he indicated that the SSI rate was approximately 60 percent federally funded and about 40 percent State funded. The increase would be on the 40 percent State part of the SSI rate and would bring the cost-of-living increases up-to-date. Ms. Ford indicated that she would provide a copy of the analysis to members of the Subcommittee.

Chairwoman Leslie thanked Mr. Fry for bringing the situation to the Subcommittee's attention and said it would be considered as budgets were closed. Mr. Fry said the cost-of-living increase would allow facilities to continue to serve the needy segment, many of whom were at the bottom of the economic ladder.

Paula Berkley, representing the Food Bank of Northern Nevada, explained that the Food Bank had received a \$50,000 grant during the past year to initiate outreach for the Food Stamp Program. She noted that outreach information



was available in low income neighborhoods on a one-on-one basis. The Food Bank utilized AmeriCorps Volunteers in Service to America (VISTA) workers to canvass neighborhoods and sign up families for the Food Stamp Program. Ms. Berkley advised that the Welfare Division had provided training for the VISTA workers so that they would have the necessary information to sign up eligible families.

Ms. Berkley said she had some information regarding why people did not sign up for the Food Stamp Program, and it seemed to fall into two categories. The first was that people were misinformed and assumed they were not eligible for the program. Ms. Berkley said for a long period of time, the Food Stamp Program application had been approximately 15 pages long and very difficult to complete. Once the public had an understanding or perception that the program application was very difficult, people failed to check to see whether the application process had improved, which it had. Ms. Berkley said that people also got the programs mixed up. Many people responded that they did not qualify for Food Stamps because they owned a vehicle, which was a requirement for a different program.

According to Ms. Berkley, there was the language issue and there was also stigma, where persons did not want to be associated with food stamps. At one time, the Food Stamp Program actually used stamps that were presented at grocery stores for payment. Ms. Berkley pointed out that the Division had eliminated that stigma via use of the "swipe card," but many people did not understand and believed there was some social stigma connected with the program. Persons did not want anyone to know they were on the Food Stamp Program. Ms. Berkley said there had been some consideration to changing the name of the program simply because of the stigma attached.

Ms. Berkley believed that people needed to understand it was a nutrition program, not a "welfare" type of program. Ms. Berkley indicated that was the reason the federal government would initiate the media blitz in April 2005, which would utilize radio and television in the Clark County area to make people aware of the program, how to qualify, where to go for assistance, et cetera, which was not common knowledge.

Ms. Berkley said the Welfare Division also received a \$500,000 grant from the federal government during 2004 to conduct outreach for the Food Stamp Program, which would allow the Division and the Food Bank of Northern Nevada to place kiosks in grocery stores so that persons could undergo pre-screening. That was important because the typical Food Stamp Program applicant had to go to the Welfare Office at least three times in order to fill out the application correctly, because they often failed to bring the correct documentation. Ms. Berkley said most of the people were already from low-income families and taking additional hours off work was sometimes very difficult. Therefore, making the kiosks available in grocery stores would help people to pre-screen their application and find out very quickly and easily whether they were qualified for the program.

Ms. Berkley stated that the Food Research and Action Center (FRAC) and the Center on Budget and Policy Priorities compiled statistics for food stamp programs within the various states, and if all the eligible people were signed up for the Food Stamp Program in Nevada, there would be \$100 million coming into the State.



According to Ms. Berkley, the Food Bank of Northern Nevada also had a resolution pending before the Legislature to increase the number of children receiving free and reduced-cost breakfasts in the classroom. She noted that at the current time, only one-third of the eligible children were being fed.

Chairwoman Leslie stated that was valuable information, but the part she did not understand was that the issues described by Ms. Berkley were the same in Nevada as in every other state. There was nothing unique to Nevada and yet the State was still ranked 50th out of 51 in average monthly number of food stamp recipients as a percent of population. Chairwoman Leslie said there still appeared to be a problem in the Food Stamp Program.

Bobbi Jo Nemovicher stated that she was an intern for the Progressive Leadership Alliance of Nevada (PLAN), and a student at the University of Nevada, Reno (UNR), in the Social Work Program, studying for her master's degree. Ms. Nemovicher indicated that she wanted to testify in support of the NEON enhancement program, and she felt it was very important to allow opportunities for people to increase their ability to rise above poverty with higher education opportunities. Ms. Nemovicher said that minimum wage jobs would not help in that endeavor, and higher education would assist people in attaining their goals.

Jan Gilbert, representing PLAN, testified in support of TANF grant increases. She noted that the grant to families had not increased since 1992, even though the cost of living continued to increase. Ms. Gilbert said she wondered why people even applied for TANF. She pointed out that \$273.20 per month was the amount provided for a woman with two children. Ms. Gilbert advised that she had observed the process for filing an application for TANF grant funds, and had been horrified by that process. Some applicants had to arrange for child care and make sure they had transportation in order to submit an application, only to find that the average grant was only \$273.20, which was pathetic. Ms. Gilbert said had it been her, she simply would have applied for Medicaid and Food Stamps, and would not have bothered with applying for TANF funding. The ranking for Nevada was getting worse and worse, and Ms. Gilbert urged the Subcommittee to determine how to increase the grant because it was long overdue. She said it might not seem like a lot to most people, but \$10 or \$20 dollars per month could mean a pair of shoes for a low income family.

Ms. Gilbert stated there was a misconception about housing and most families did not qualify for housing assistance. According to Ms. Gilbert, the State had put the Welfare Division in a real bind with the Energy Assistance Program because it had created a program that was very difficult to administer, and then had not allowed the Division to hire staff. Ms. Gilbert believed that the Division should be given additional positions, so that staff would continually and consistently know how to administer a very difficult program.

According to Ms. Gilbert, PLAN supported S.B. 123 and believed that the Division needed to increase the 3 percent administrative cap to 7 percent. Ms. Gilbert stated that the Division should have the flexibility to help persons who were conserving energy and to move money to the weatherization program if there was a surplus. She indicated that the State had put many restrictions on the program when it was first created, which had made it very difficult to implement. Ms. Gilbert noted that PLAN had been working with the Welfare Division for 4 years in an attempt to expend the money and it had proven very difficult.

Chairwoman Leslie advised that the Subcommittee would review the program.

Jon Sasser, Attorney at Law, Washoe Legal Services, referenced outreach programs and indicated that, to his knowledge, there was no General Fund money being utilized for outreach programs within the entire Department of Human Resources. Within the Nevada Check Up and Medicaid programs for children, the State's match for federal funding was realized through a grant from the Robert Wood Johnson Foundation (RWJF). He reiterated that there was an outreach program, but it utilized no State General Fund dollars.

Because there were approximately 40,000 eligible uninsured children in the State, Mr. Sasser said that outreach was important. He noted that UEC dollars were used for outreach for the Energy Assistance Program, and a great deal of money had gone unspent until outreach was conducted and applications increased. Finally, there were federal dollars being spent on the outreach for the Food Stamp Program, but no General Fund dollars.

Regarding the classified employee issue, Mr. Sasser believed it was important that fair hearing officers, whose job it was to make determinations regarding eligibility, would be unbiased, as stipulated by federal rules. He stated he had some concerns about declassifying those positions.

Mr. Sasser stated that he fully agreed with Ms. Gilbert regarding the need to raise the amount of the TANF grant, and believed the problem was that the block grant had been in place since 1996. To assume that the same amount would cover the needs of the TANF program forever, when Nevada was the fastest growing state in the country and the dollar was declining in value, was wrong. Mr. Sasser said the State might have to accept the fact that, because of action by the federal government in 1996, some General Fund dollars would have to be spent to increase TANF grant funding.

Finally, said Mr. Sasser, in terms of the UEC program, S.B. 123 would be heard by the Assembly and it was hoped that the flexibility and change included in the bill would deal with some of the very real problems regarding the program. The bottom line was that there were some 150,000 families eligible for the program in Nevada and the program was addressing less than 20 percent of the need. Mr. Sasser noted that since the program had been initiated in 2000, the cost of electricity had gone up approximately 50 percent and natural gas rates had increased approximately 30 percent. The need had certainly not diminished and, since it took 10 to 12 weeks to process applications, the need for additional personnel certainly had not diminished. Mr. Sasser said he would strongly support the need for extra personnel in that program.

Mr. Sasser explained that there was a coalition regarding energy assistance that included AARP, the Sierra Club, Washoe Legal Services, PLAN, League of Women Voters, and a number of other organizations that had worked collaboratively with the program for the past 5 years.

Chairwoman Leslie hoped that the coalition would help the Legislature revamp the program so it worked for everyone. One issue that the Subcommittee had not discussed, but was on the list for discussion, was the fair hearing officer, and she agreed that the position should be classified.

Dr. John Yacenda, President and CEO, Health Care Strategies, Inc., stated that the proposed Nevada Childcare Services System seemed very ambitious and was an excellent idea. That system would be federally funded and his question would be whether unlimited federal funds would continue to be available.

With such an ambitious system, would the State run out of federal funds and be stuck with future problems. Dr. Yacenda said that was the concern he would like to raise for the Subcommittee's review. Although it was not State money, the concern was whether there would be sufficient funds to bring the proposal to fruition.

Chairwoman Leslie stated that the Subcommittee would note Dr. Yacenda's concerns.

With no further business to come before the Subcommittee, Chairwoman Leslie adjourned the hearing at 10:45 a.m.

RESPECTFULLY SUBMITTED:

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Carol Thomsen  
Committee Attaché

APPROVED BY:

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Assemblywoman Sheila Leslie, Chairwoman

DATE: \_\_\_\_\_

<b><u>EXHIBITS</u></b>			
<b>Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Human Resources</u></b>			
<b>Date: <u>March 17, 2005</u></b>		<b>Time of Meeting: <u>8:00 a.m.</u></b>	
<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B	Nancy Ford, Welfare Division	Budget Presentation Info.
	C	Scott MacKenzie, SNEA	Packet of Information
	D	Lawrence Fry, CARE	Letter dated 3-17-05