

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE  
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT**

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

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on General Government, was called to order at 7:34 a.m., on Thursday, March 17, 2005. Chairwoman Kathy McClain presided in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Ms. Kathy McClain, Chairwoman  
Mr. Morse Arberry Jr.  
Mr. Lynn Hettrick  
Mrs. Ellen Koivisto  
Mr. Bob Seale

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Bob Beers, Chairman  
Senator Bob Coffin  
Senator Dean A. Rhoads

**ASSEMBLY COMMITTEE MEMBERS ABSENT:**

Mr. Joseph M. Hogan

**STAFF MEMBERS PRESENT:**

Bob Guernsey, Principal Deputy Fiscal Analyst  
Mike Chapman, Program Analyst  
Tracy Raxter, Program Analyst  
Lila Clark, Committee Attaché  
Connie Davis, Committee Attaché

**DEPARTMENT OF AGRICULTURE – AGRI, ADMINISTRATION (101-4554) –  
AGRI-1**

Don Henderson, Director, Department of Agriculture, introduced Rick Gimlin, Deputy Director, Department of Agriculture. Mr. Henderson said that he was there to respond to questions that had been asked several days before in another budget hearing regarding the administrative cost recovery account. Mr. Henderson stated that he had provided information to staff of the Fiscal Division of the Legislative Counsel Bureau but had not provided a formal response to the questions that had been asked. Mr. Henderson added that the formal response was being prepared and had a deadline of March 22, 2005.

Mr. Henderson said that Mr. Gimlin would provide the Subcommittee a summary of the questions asked and the responses by the agency.

Mr. Gimlin submitted [Exhibit B](#), entitled "Comparison of FTE Allocation to Gov Rec," which showed the department's revised cost allocation plan. Mr. Gimlin said he had used Senator Beer's suggestion to use solely one cost pool, full-time equivalents, as shown in [The Executive Budget](#), he had made adjustments, and provided that information to staff in the Fiscal Division. Mr. Gimlin stated that staff of the Fiscal Division had reviewed the methodology utilized and had agreed that the new plan was a more simplified method that appropriately identified transfers from various supporting accounts and also identified transfers in.

Mr. Gimlin pointed out the Summary of Major Sources section in [Exhibit B](#) and said that by using a full-time equivalent (FTE) allocation the General Fund contribution increased. He said the cost allocation from the various fee-based accounts decreased, however, the indirect cost recovery from federal funds increased significantly as well. Mr. Gimlin said that was not surprising considering that the majority of the positions were funded through the General Fund. Mr. Gimlin said that as a result, the big question was methodology and how transfers from one budget to another were handled. Mr. Gimlin said he believed those issues had been solved and the department wanted to proceed forward in the new manner.

Senator Beers thanked Mr. Henderson and Mr. Gimlin and said the work that had been done represented progress. He said the Subcommittee would continue reviewing [Exhibit B](#) but he believed "they were not quite there yet" on stripping all the allocations from the old budget so the Subcommittee could not quite see that level of transparency yet. He said that would be required before the new cost allocation was applied and he wanted to continue to work with the department as a "sub Subcommittee" to complete the new cost allocation plan within a week.

Mr. Gimlin said that the totals shown in [Exhibit B](#) for FY2007 were slightly out of balance and the schedule still needed more work. He also said he appreciated the Subcommittee's comments.

Chairwoman McClain appointed Senator Beers as the sub Subcommittee to work with the department and report back on Thursday of the next week.

#### **DEPARTMENT OF EMPLOYMENT, TRAINING & REHABILITATION**

Birgit K. Baker, Director, Department of Employment, Training and Rehabilitation (DETR), introduced herself. Ms. Baker provided the Subcommittee with [Exhibit C](#), which was three architectural drawings of the Department's proposed new building in Las Vegas. She said the building was anticipated to be completed in April 2006 and there were decision units that would be discussed pertaining to the new building.

Ms. Baker told the Subcommittee that she would make references in her presentation to a document called a revised fund map that was included as a part of [Exhibit D](#), "Executive Budget Amendments."

Chairwoman McClain asked Ms. Baker to make her presentation one budget at a time and refer to whatever the revisions were to each specific budget.

Ms. Baker introduced Marty Ramirez, Chief Financial Officer, Department of Employment, Training and Rehabilitation; and Terry Johnson, Deputy Director, Department of Employment, Training and Rehabilitation. Ms. Baker said the Department was composed of four divisions: Employment Security, Rehabilitation, Information Development and Processing, and the Nevada Equal Rights Commission. She said DETR was the lead state agency responsible for the administration of the Workforce Investment Act in Nevada, including serving as staff to the Governor's Workforce Investment Board, which oversaw the state workforce investment system known as Nevada JobConnect.

#### **DETR, ADMINISTRATION (101-3272) – DETR-1**

Ms. Baker said budget revisions had been submitted to the Assembly Committee on Ways and Means and the Senate Finance Committee on March 14, 2005. She said the Administration budget was the first of four budgets that were affected by the revisions. Ms. Baker told the Subcommittee that the revisions would reduce the Department's budgets that were funded by the Department of Labor for unemployment and employment service programs by approximately \$4.7 million in the first year of the biennium and \$4.9 million in the second year of the biennium.

Ms. Baker explained that on the revised fund map, the "Governor Recommends" column reflected the amount of funding that would be needed to fully fund all base, maintenance, and enhancement decision units included in The Executive Budget. She said the "Revised" columns reflected the funding projections based on the most current data available. The "Change" columns displayed the projected funding shortfall by funding source. Ms. Baker said the total projected shortfall between the Governor's recommendation and the current projections was approximately \$5.3 million in the first year of the biennium and \$5.4 million in the second year. She said the proposed budget reductions summarized on the lower portion of the Revised Fund Map closed the gap by \$4.7 million in FY2006 and \$4.9 million in FY2007. Ms. Baker said the remaining shortfall would be realized through future reductions in positions and operating costs.

Ms. Baker stated that federal funding for the administration of Nevada's unemployment insurance program was based on a combination of base funding that supported permanent positions and contingency funding that supported staffing in order to address fluctuations in workload or intermittent positions. Ms. Baker said that historically the Division had experienced an increase in its unemployment insurance claims workload during the first and fourth quarters of each calendar year. She said that due to the current health of Nevada's economy that workload did not materialize in the fourth quarter of 2004 and the first quarter of 2005. As a result, the Employment Security Division issued lay-off notices to 18 intermittent employees funded by the Unemployment Insurance Contingency Fund that would not be earned by Nevada that fiscal year. Ms. Baker said the layoffs were effective the next day, March 18, 2005.

Ms. Baker reported that on February 10, 2005, the Department of Labor also notified the states that it would be reducing the unemployment insurance base funding by \$88 million. She said the impact to Nevada was approximately \$1 million and that would be effective October 1, 2005. Ms. Baker informed the Subcommittee that for the other funding the Division only had planning targets but the best case scenario was that the other programs would be flat funded. She said that because of fluctuations in federal funding the Division had been proactive in reducing costs through vacancy savings and delay of equipment purchases and information technology enhancements. Ms. Baker

said that currently the Employment Security Division had 33.5 full-time equivalent (FTE) vacant permanent positions and DETR's administrative budgets funded by the same revenue sources had 16 FTE vacant permanent positions that could be eliminated to offset the reduction in funding. Ms. Baker explained that there had traditionally been a difference of as much as \$1.5 million annually between the budgeted expenditures and the projected revenues and the Division had managed to adjust those fluctuations through vacancy savings. However, the Division believed that a difference of over \$5 million a year was no longer manageable without submitting the revised budgets. Ms. Baker said the revised budgets had been isolated in a series of E-260 Decision Units and provided to the Subcommittee's staff.

Ms. Baker stated that the first budget impacted by the revisions was the DETR Administration budget, which included 54.5 FTEs who provided centralized services in the areas of the Director's office, Human Resources, Financial Management, Office and Facility Services, Public Information, and Internal Audit. Ms. Baker said she proposed to reduce the number of permanent positions in the account to 45.5 by eliminating 9 vacant FTEs. Ms. Baker explained that the 9 positions were: one of the Department's two deputy director positions, one of the Department's two internal auditor positions, one personnel technician, one accountant, two accounting assistants, two administrative assistants, and one administrative aide.

Ms. Baker said it would be challenging to meet internal performance indicators but she understood the critical need for DETR's administration to participate in the solution. She said the Department would meet the challenge through consolidation of functions, cross-training, resource sharing, and utilization of services provided by other state agencies.

Chairwoman McClain asked if the two new positions that had been requested would still be needed. Ms. Baker responded that the two new positions were for the new building in Las Vegas and that building was a very important component of the budget. She said that once the Department moved into the building the lease costs would be reduced by over \$600,000 per year and both positions were still needed.

Chairwoman McClain questioned the need for a full-time maintenance position for a new building. Ms. Baker said the Committee had requested additional information on the position during a previous meeting. She said that in addition to the new building there were eight facilities in southern Nevada occupied by the agency; seven leased facilities and one owned facility. Ms. Baker said the casual labor office was owned. She said the present staffing in Las Vegas included only one maintenance worker for eight facilities. The new building would be a 60,000-square-foot building on eight acres of land and she believed that justified a second maintenance repair worker. Ms. Baker said that even when the new building was occupied there would still be six other facilities that would house the agency's employees in Las Vegas, and she believed a second position was necessary.

Chairwoman McClain asked why a supply technician position was needed and how it would affect the Carson City staff. Ms. Baker said it would not affect Carson City because it was for the Las Vegas building. She said there would be a full warehouse, a mailroom, and other facilities necessary to administer the agency's programs in southern Nevada.

Senator Beers asked if the supply process for Las Vegas was currently completed in Carson City. Ms. Baker said there were two centralized mailroom facilities. She said she believed what Mr. Beers was thinking of was the printing and distribution of unemployment checks and the mail that came in for quarterly contributions. She said those functions were performed in Carson City. Ms. Baker said that there were still eight facilities in southern Nevada to be cared for. She said the mail came to one area in Las Vegas and was distributed to the other facilities.

Senator Beers asked how inventory and supplies were handled. Ms. Baker said that each office in Las Vegas ordered its own supplies using contracts with vendors such as Corporate Express. She said that in order to maintain control the orders were handled in a central location. Ms. Baker said the plan was to centralize the ordering in the new Las Vegas administrative building.

Senator Beers asked how the inventory and supply function was currently handled. Ms. Baker said the Employment Security Division had the function centralized in the regional administrative office and the Rehabilitation Division had it centralized in the Belrose office. Ms. Baker said the centralization would provide better control over the ordering function.

Senator Beers asked if the inventory and supply ordering was currently another "duty as assigned for somebody" and Ms. Baker replied affirmatively.

#### **DETR, INFORMATION DEVELOPMENT & PROCESSING (101-3274) – DETR-9**

Ms. Baker introduced David N. Stewart, Information Technology Manager, Information Development and Processing Division, Department of Employment, Training and Rehabilitation. Mr. Stewart said Budget Account 101-3274 was one of the accounts that had been affected by the revisions of Decision Unit E-260 that had been discussed earlier. He said vacant positions and their associated costs were eliminated in the budget account resulting in a reduction of the position count from 57 to 50 FTEs.

Mr. Stewart stated that Budget Account 101-3274 funded the Information Technology (IT) unit that supported the agency. He said the IT unit provided applications development, network support, system and data base administration, desktop support, computer operations, IT project management, and quality assurance.

Mr. Stewart referred the Subcommittee to Decision Unit E-275 beginning on page DETR-13 of The Executive Budget. He said questions had been posed regarding upgrading either the existing test server or data warehouse server in order to meet DETR's requirements in lieu of purchasing an additional server to provide utilization data for the data warehouse server and to provide information on the current configuration of the Division's servers. Mr. Stewart said information had been provided to the staff of the Subcommittee.

Mr. Stewart said the answer to the question about upgrading either the existing test server or data warehouse server in lieu of purchasing an additional server to meet DETR's requirements was, yes, the machines could be upgraded. However, that action would not meet DETR's needs because in that scenario it would not allow DETR to split the data warehouse application and provide for redundancy. He said the new Sun server included in The Executive Budget in Decision Unit E-275 would provide the best solution for meeting the

Department's needs for additional processing capacity to accommodate growth in the data warehousing applications to satisfy federal reporting requirements.

Mr. Stewart stated that, as requested, he had provided staff with the list of replacement items, line item justification, and the Department's computer hardware replacement schedule. He said that because of Decision Unit E-260 the number of replacement personal computers (PCs) had been modified from 45 to 40 and from 10 laptops to 9 laptops in FY2006; and 12 PCs and 5 laptops in FY2007. In addition, funding had been requested to replace several network routers and switches, 17 servers in FY2006 and 15 servers in FY2007.

Mr. Stewart then referred the Subcommittee to page DETR-15 for the Division's budget summary. Mr. Stewart said the Subcommittee had requested a report showing the training opportunities that had been provided to DETR's IT staff in FY2004 and their associated cost breakdown. He said the report showed there were 125 training opportunities provided to IT personnel. The training opportunities were in Oracle, help desk software, project management, network security server administration, and training conferences in other miscellaneous general technology. He said the total cost was \$133,300 and a report had been delivered to the staff of the Fiscal Division. Mr. Stewart said the current IT training budget request was \$119,060 for both years of the biennium.

Senator Beers said the budget had been approved for 57 positions in the prior session of the Legislature and The Executive Budget work program reflected 48.5 positions. Ms. Baker interjected that she had also noticed that and the eight new positions that had been approved in the prior legislative session had not gotten updated in the work program year. She said there were 57 authorized positions in the budget.

Senator Beers said the current system was running at 20 to 40 percent capacity and he wondered if that was due to processor utilization. Mr. Stewart said the Division was not CPU bound, currently it was memory bound on the boxes.

Senator Beers asked where the Division stood on that "measure." Mr. Stewart said occasionally all the memory was used.

Senator Beers asked if unemployment "drove" the system. Mr. Stewart asked what system Senator Beers was referring to. Senator Beers said he was referring to the one for which an additional server was to be purchased. Mr. Stewart said that would be for the data warehousing applications.

Ms. Baker stated that even if the Department's workload was down it had many reports that were required to be produced at the state level and for their federal counterparts. She said those reports were historical and DETR collected over 5.2 million wage records whether unemployment was high or low, and those wage records then became the basis for many of DETR's reports.

Senator Beers confirmed with Ms. Baker that employment drove the system. He asked if DETR was using Crystal Reports Software for its reports. Mr. Stewart said DETR used Oracle for its reports.

Senator Beers asked if Oracle reports did its processing on the server. Mr. Stewart responded that Oracle Forms for that application did its processing on the server. Senator Beers added that Crystal Reports Software did its processing on the workstation and the workstation memory limit sometimes had

been reached. Mr. Stewart said that for the online applications there were applications servers that the applications ran on.

Senator Beers said asking for utilization capacity was the wrong question. The correct question was what was the memory capacity, and Mr. Stewart answered that Senator Beers was correct.

Senator Beers asked if DETR anticipated running the new box simultaneously with the existing equipment and Mr. Stewart said that was the plan. Senator Beers said that if one box died DETR could switch over to the other box and Mr. Stewart said that was DETR's plan.

Senator Beers asked if it was DETR's plan to use Workforce Investment Act funds to support the cost of the annual subscription fees of the One-Stop Operating System.

Mr. Martin A. Ramirez, Chief Financial Officer, Department of Employment, Training and Rehabilitation, said the funding for the One-Stop Operating System payments to the state of New York was included in Budget Account 205-4770, the Employment Security Division. He said that budget served as the revenue end and the expenditure end was included in Budget Account 101-3274, Information Development and Processing. He said it was passed through from the Workforce Investment Act.

#### **DETR, EQUAL RIGHTS COMMISSION (101-2580) – DETR-22**

Ms. Baker introduced Lynda Parven, Administrator, Equal Rights Commission, Department of Employment, Training and Rehabilitation. Ms. Parven referred the Subcommittee to page DETR-22 of The Executive Budget. She said there had been a question on performance indicator number 3 regarding the percent of intake inquiries received via the Internet. Ms. Parven said that the figures for FY2004 were available and the Commission would be increasing the goals for FY2006 to 34 percent and 36 percent for FY2007.

Ms. Parven said there had been another question on Enhancement Unit E-325 on page DETR-26 regarding receiving a copy of BDR 406, which became A.B. 189, and was scheduled to be heard Monday, March 21, 2005, in the Assembly Committee on Government Affairs.

Senator Beers asked which came first, the budgeting process or A.B. 189. He said his concern was that the Commission came upon some policy changes after the budget had been planned and that there might be a budgetary impact.

Ms. Parven said that actually the process of redrafting the statutes had been started with the U.S. Department of Housing and Urban Development (HUD) before the budget process began.

Ms. Parven said another question concerned the number of positions that would be assigned to work the housing discrimination complaints. She said the Commission had allocated 1.5 FTEs for processing the HUD discrimination complaints and those employees would be trained by HUD.

Ms. Parven next discussed the number of inquiries that were received by the Commission that were deemed non-meritorious or non-jurisdictional prior to processing. She said 40 percent of the intake cases were deemed non-meritorious or non-jurisdictional and the other 60 percent were taken in as

complaints and perfected as charges. Ms. Parven said a chart on the closures for FY2004 and the percentage of each type of resolution was included in the information provided to the Subcommittee's staff.

Ms. Parven said there had been a question asked on the policies for the priority charge handling procedures that had been passed by the prior Legislature. She said that information had been included in the response submitted to the Subcommittee's staff. Ms. Parven said excerpts from the *Nevada Equal Rights Commission's Manual* had been provided to staff.

Ms. Parven said there had been a question on Enhancement Unit E-325 regarding the statistical information regarding how both types of cases, employment as well as public accommodation and housing, could be handled. She said the Commission had made dramatic strides in clearing the backlog of cases and were exceeding their performance indicators for the number of cases that were open less than 270 calendar days. She said the caseload had dropped to 494 cases from a high of approximately 1,900 prior to the priority charge handling procedures. Ms. Parven said that was why the Commission felt it could handle the housing complaints with the 1.5 positions allocated.

Ms. Parven referred the Subcommittee to page DETR-27 for Enhancement Unit E-805. She said there had been a question regarding how the Commission had determined it needed upgrades and that information had been included in the response sent to the Subcommittee's staff. She said they had made comparisons between some of the Nevada Equal Rights positions and others within the state.

Ms. Parven referred to page DETR-28 regarding the number of closures and resolutions that were required for the \$625,000 and \$649,250 in the first year of the biennium. She said that would require 1,230 closures in the first year and 1,278 closures in the second year. Ms. Parven said a chart had been included in the response sent to the Subcommittee's staff.

Senator Beers asked for confirmation that one-half of the two Las Vegas positions and one-half of one Reno position would be funded with new federal HUD dollars. Ms. Parven said that was correct. Senator Beers said that given the apparent phenomenal success in the prioritization he wondered why there would not be a significant decrease in the investigatory staffing requirements. Ms. Parven said there were 495 cases currently and Senator Beers said that was approximately 2.5 or 3 per working day. Ms. Parven said there was an additional component and that was that it had previously taken an average of 400 days to process a case and now they were being processed in 139 days. She said there used to be more cases but the cases were not being processed and currently the caseload was manageable. Ms. Parven said the 1.5 positions would work toward HUD cases that would not have previously been worked and staffing would have had to have been reduced.

Senator Beers asked if HUD had "held your hand" through the creation of A.B. 189. Ms. Parven responded that HUD had helped her and the bill would make HUD very happy. She said she had been working with HUD for approximately ten months on the bill.



**DETR REHABILITATION DIVISION, REHABILITATION ADMINISTRATION -  
(101-3268) – DETR REHAB-1**

Michael T. Coleman, Ed.D., Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, said the Rehabilitation Division was made up of three bureaus: Bureau of Disability Adjudication; Bureau of Vocational Rehabilitation; and the Bureau of Services to the Blind and Visually Impaired. Mr. Coleman said there was a staff of over 230 employees in the Division.

Mr. Coleman said Budget Account 101-3268 provided for the administration of the Division and had 5 FTE positions. He said there had been a question in a previous Senate Finance Committee meeting about Decision Unit E-250, which was found on page REHAB-4 of The Executive Budget related to travel. Mr. Coleman said the question had been asked about whether the travel costs could be reduced and the expenses had been reduced by \$1,100.

**DETR, REHABILITATION DIVISION, DISABILITY ADJUDICATION (101-3269) -  
REHAB-8**

Mr. Coleman introduced Kraig Schutte, Bureau Chief, Bureau of Disability Adjudication, Rehabilitation Division, Department of Employment, Training and Rehabilitation.

Senator Beers asked Mr. Coleman to discuss the reorganization of the Division that had been proposed in A.B. 28.

Mr. Coleman explained that the concept of A.B. 28 was to clarify the administrative role of the Division, which had overall responsibility for the Bureau of Vocational Rehabilitation and Bureau of Services to the Blind and Visually Impaired. He said the Division was attempting to structurally align with the Workforce Investment Act which passed in 1998 and was being reauthorized in 2005 in Congress. He said the Division worked closely with its other partners in employment and training and said the Division was also attempting to align the management of the Division so that the federal government would view his position as the designated state unit for the state of Nevada. Mr. Coleman said the overall responsibility for all the programs rested with him and that was what was being clarified statutorily. He said the Division was also attempting to have consistency of programs.

Mr. Coleman said the Bureau Chief of Program Services would be joining him to discuss the budgets of the Vocational Rehabilitation budgets, Services to the Blind and Visually Impaired, and the Blind Business Enterprise Program. He said that, particularly with the Bureau of Vocational Rehabilitation and Services to the Blind, there were separate field staff and separate budgets but there was also consistency of programming and policy that could be attained by combining the divisions. Mr. Coleman said the Chief of Operations, Cecilia Colling, would also join him at the testimony table and he saw her position as providing checks and balances in dealing with the fiscal side, the contracting side, the auditing side, and allowing programs and operations to be separated. Mr. Coleman said he was also attempting to preserve resources for the front line staff.

Senator Beers asked if the Rehabilitation Division was “a whole different beast” because that division was not recommended for reclassification. Senator Beers asked if the Chief of Disability Adjudication was part of the classification and

Mr. Coleman said no. Mr. Coleman said Social Security was a separate unit that was viewed separately. He said the Vocational Rehabilitation Division was funded primarily through the U.S. Department of Education. Mr. Coleman said the Bureau of Disability Adjudication was Social Security and the funds came 100 percent from Social Security. Mr. Coleman said there were two separate divisions of the federal government that coordinated serving people with disabilities.

Senator Beers asked whether the divisions were separate on the organizational charts of other states. Mr. Coleman answered that it was typical that the two divisions were in the same unit or under the same structure related to disabilities.

Senator Beers said that he was concerned there was a discrepancy in The Executive Budget on Enhancement Unit E-811 in Budget Account 101-3268. He asked if there would be a budget amendment for the salary of the Rehabilitation Administrator. Mr. Ramirez responded that the salary for the Rehabilitation Administrator had been corrected at the end of the budgeting process and by doing that, they had been able to delete a duplicate of Decision Unit E-806. He said they had attempted to align the salary based on some personnel actions for the two bureau chiefs. He reiterated that the unclassified salary had been corrected for the Rehabilitation Administrator.

Senator Beers said he did not think so. Mr. Ramirez said the budget amendment was submitted on February 15, 2005. Mr. Ramirez said the amendment was a combined adjustment for Decision Units E-811 and E-806.

Senator Beers asked if a budget revision would be submitted and Mr. Ramirez said one would be submitted. Senator Beers said he had no further questions on Budget Account 101-3268.

Kraig Schutte, Bureau Chief, said the Bureau of Disability Adjudication worked in partnership with the Social Security Administration and was 100 percent federally funded. He said the Bureau was responsible for administering disability claims under Title II and Title XVI of the Social Security Act. Mr. Schutte said the Bureau had 86 FTEs.

Mr. Schutte said there had been a question about the amount of funding for the current fiscal year and the workload expectations. He said he had provided a response to the Fiscal Division stating that the Bureau was funded for the current federal fiscal year that would run through September 30, 2005, with \$9,687,843 to process approximately 25,000 claims. Mr. Schutte said he had indicated in the response that the Bureau would be receiving some assistance from the federal disability unit in California that was expected to process approximately 2,000 of those claims.

Mr. Schutte next referred the Subcommittee to page REHAB-12, Decision Unit E-251. He said a question had been asked about the impact of case processing time through the addition of the recommended 17 additional positions and also a question about the impact on the average workload per disability adjudicator position. Mr. Schutte said that the primary purpose in requesting those positions was not only to address the workload, but to address the backlog of approximately 2,200 claims on hand. Those claims could not be assigned to the adjudicator staff. The positions were also needed to deal with the projected increases in workload that had been projected for FY2006 and FY2007. Mr. Schutte said the Bureau worked with the staff in the

San Francisco regional office in terms of reviewing the past growth trends in the workload over the past five years. He said projections were running between 5 and 8 percent per year. Mr. Schutte said that was the primary basis for projecting the need for the 17 additional positions, 12 of which were expected to be adjudicator positions.

Mr. Schutte said a secondary benefit could be a reduction in processing time. He said that was largely a measure of the backlog of claims and how long it took to assign the claims to an adjudicator to effectively manage the case. He said that if the Bureau was able to control that successfully, generally processing times would be reduced or they would at least be able to maintain them at the current level. Mr. Schutte said that with the projected increases in workload over the next biennium he was not expecting a decrease in the average workload per disability adjudicator. He said the increase in the number of adjudicators would allow more cases to be assigned on a weekly basis, hopefully keeping up with the increased intake, and enabling the Bureau to work down the backlog.

Mr. Schutte referred the Subcommittee to Decision Unit E-252 on page REHAB-13 of The Executive Budget. He said there had been a question asked about the Bureau's training facilities. Mr. Schutte said the Bureau had one large, multi-purpose conference room that met many needs. He said it was the primary area for staff training and was also used for full staff meetings, unit meetings, work group meetings, or management team meetings. Mr. Schutte said since the Bureau was investing in hiring and training new adjudicators it was conducting classes several times a year and each class took approximately 10 weeks. He said in the summer the Bureau had conducted classes back-to-back and the room had been "tied up" for 5 months at a time when other meetings needed to be scheduled. He said other training, such as policy refresher training and training recommended by Social Security, needed to be scheduled as well.

Mr. Schutte stated that in addition to the training needs, the Bureau was currently implementing a new electronic processing initiative and that would mean that more of the training would be focused on the use of personal computers. He said the Bureau had requested that Social Security provide 11 computers that could be used in a training environment for new staff as well as training of current staff. Mr. Schutte said it would be very difficult to find space in the current room to accommodate 11 personal computers, training equipment, and have room for 85 staff at staff meetings. Mr. Schutte said he felt that the request for a training room was justified.

Senator Beers said that 12 new, intermittent disability adjudicator positions had been added by the Interim Finance Committee in 2004 and it appeared that 10 of those positions were not in the budget. He asked if the 12 new proposed positions were full time replacing the intermittent positions. Mr. Schutte said the 12 positions requested for the upcoming biennium would be full time, classified positions that were not intended to replace the intermittent positions. He said the Bureau wanted to retain the intermittent positions in case staff had to be brought on board very quickly.

Senator Beers said that he believed the 10 intermittent positions should be included in the budget. Mr. Ramirez said that category 01 authority to establish intermittent positions had been requested from the Interim Finance Committee should the workload justify it, however, intermittent positions were never line item budgeted. He added that only permanent positions were budgeted.

Mr. Ramirez said that the current request was for authority to also bring intermittent positions on board should the workload justify that. He said that intermittent positions were never included in the FTE counts.

Senator Beers said he understood that intermittent positions were not counted in the FTE count but the Subcommittee was having trouble finding dollars for those positions in the budget. Mr. Ramirez said he did not believe that the Bureau had requested authority for intermittent positions in the agency request. He said the IFC request was to accommodate an anomaly where Social Security would occasionally provide additional dollars and additional cases and the Bureau would not have time to react to the situation with permanent positions. He said if the Bureau had authority for intermittent positions staff could be hired and the caseload could be worked. Mr. Ramirez said the request was not a "repetitive" request in The Executive Budget.

Senator Beers asked if the Bureau would come to IFC for funding if Social Security provided funding and additional cases at the end of the fiscal year. Mr. Ramirez responded affirmatively.

Senator Beers asked what percentage of the funding for the positions would be requested from the Interim Finance Committee.

Mr. Schutte responded that the Bureau would probably not need to request funds from IFC.

Mr. Beers pointed out that the caseload was 308 in 2004 and 295 cases were projected for FY2007. He asked if that was a statistic that the Bureau had to meet according to Social Security rules. Mr. Schutte replied that those figures came from the annual spending plan. He said Social Security made a determination that was largely workload driven and there was discussion about the number of staff necessary to produce and process the workload.

Senator Beers asked if the federal government wanted about 80 days in mean processing time on a caseload of 300. Mr. Schutte said each state was budgeted on the amount of workload and the number of FTEs to arrive at what was called a "production per work year figure." He said each state was given an annual target each year that the state was expected to reach.

Senator Beers asked Mr. Schutte to provide a report on the number of claims or percentage of claims during the year that exceeded 110 or 100 days. He said the work the Bureau did was very important to many people and he would like the ability to monitor the "worst" cases. Mr. Schutte said the main figure used by Social Security was the average mean processing time which represented everything based on the workload. Mr. Schutte said the Bureau was currently running approximately 80 days on annual initial claims. The good news was that the Bureau was running approximately 12 days below the national average and he hoped they could maintain that.

Senator Beers asked about the Bureau's medical inflationary increases in 2002. He said the number went down from what had been expected and now one year had increased and he wondered if that one year of increase was sufficient to forecast continued increases. Mr. Schutte said that with the projections of the workload expectations the Bureau felt the need to try to recruit additional medical consultants. Mr. Schutte said there was an ebb and flow basis to the workload but at times there had been cases in the medical unit for up to three weeks before doctors could get to them. Mr. Schutte said the Bureau was

attempting to enhance the medical staff and psychological staff to try to eliminate those delays as much as possible.

**DETR, RESEARCH & ANALYSIS (101-3273) – DETR-9**

Robert A. Murdock, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation, introduced himself. Mr. Murdock referred the Subcommittee to page DETR-16 of The Executive Budget. He said the Research and Analysis Division was the informational arm for the Department that provided information to its customers and other users of information on workforce and labor markets. He said the Division's products were electronic media driven and provided through the Internet to all users. Mr. Murdock said several questions had been asked at a previous committee meeting and he would address those questions.

Mr. Murdock said Senator Beers had previously asked for the performance indicators from the last period and he had included those in his response to staff. Mr. Murdock said those performance requirements had been met and the results were "relatively positive."

Mr. Murdock said there had been a question regarding the specific activities performed with the mining industry and he had provided information to the staff of the Subcommittee. During the 2000-2003 cycle of the occupational employment survey there had been 71 mining employers throughout the state who voluntarily participated in the occupational wage survey. He said with that participation and the contacts with the employers the Division had been able to put together their wage structure and their occupational staffing patterns in order to compile reports about the industry. Mr. Murdock said that at the same time the Division also wrote economic overviews regarding what the Division anticipated would happen in the mining industry. Mr. Murdock said similar studies were performed on industries other than the mining industry.

Mr. Murdock said a question from the Assembly pertained to providing surveys. He said there had been 1,892 businesses surveyed and 1,713 responded with a 96 percent positive response rate. He said there was a 94 percent response rate of satisfied job seekers. Mr. Murdock said they had 95.7 percent satisfied responses on career enhancement. Mr. Murdock said a survey was conducted on DETR IT services and 88 percent of the customers were satisfied with the work completed.

Mr. Murdock stated that a synopsis of the economic data currently available regarding women and minorities had been provided to the Subcommittee's staff. He said the Department did some things with the current population statistics and the unemployment wage records for information on race and sex. He said the department looked at the local employment dynamics project that would be going online in the near future and would have measurements that would help with minorities, age, and sex.

Mr. Murdock said another question that had been asked was about the overview of the employer database study (LED). He said that would entail working with the Census Bureau to match wage records and employer records. He said the Department would gather local information on employment, job creation, turnover, earnings by industry, age, and sex that would provide a dynamic longitudinal database that could be reviewed for changes over time. Mr. Murdock said that would be something new for the Department and it was

a new project that all states were getting into. He said it would allow the examination of the age and gender structure of various industries.

Chairwoman McClain said she had heard rumors that the federal government was planning to stop gathering gender statistics in the workforce and she wanted to be certain that type of information would not be lost at the state level. Ms. McClain said that information was necessary in addition to information on minorities and she encouraged Mr. Murdock not to stop gathering those types of statistics.

Chairwoman McClain asked how the Nevada Career Information System (NCIS) was marketed to Nevada residents. Mr. Murdock explained that the NCIS was the career information tool throughout the state and was located in every school district in the state, most of the libraries in the state, and the community colleges. He said there was an extensive network of people the Department had trained and the Department had trained over 500 users of that system annually. Mr. Murdock said the Department had staff that went out and provided workshops on an ongoing basis working with designated career center people in career centers throughout the state in order to provide them with adequate training so that they could "train the trainers."

Chairwoman McClain asked if the statistics on gender, age, and minorities was available on the Internet. Mr. Murdock said all the information the Department had would be on the Internet and would be downloadable in portable document format (PDF) or hypertext markup language (HTML) format. Mr. Murdock said all members of the Subcommittee had been added to the Department's mailing list.

#### **DETR, VOCATIONAL REHABILITATION (101-3265) – REHAB-16**

Michael Coleman introduced Gayle M. Sherman, Chief of Program Services, Rehabilitation Division, and Cecilia G. Colling, Chief of Operations, Rehabilitation Division. He said there were 96 FTEs in the Bureau of Vocational Rehabilitation and the mission of the Bureau was to bridge the gap from disability to employment. Mr. Coleman said the Bureau provided services to people with disabilities in order that they might live and work independently. He said the Bureau operated in 13 offices and two districts across the state providing counseling and guidance and helped people find employment.

Mr. Coleman said Gayle Sherman would discuss the budget information. Ms. Sherman said she was Chief of Program Services for the Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind and Visually Impaired. She referred the Subcommittee to page REHAB-16 of The Executive Budget. Ms. Sherman read the following:

The Department indicated projections for performance indicators numbers 2 and 3 should be revised. Please provide the revised projected data for fiscal year 2006 and 2007. The suggested revisions are for performance indicator number 2, which is the percentage of clients exiting Vocational Rehabilitation services and full-time competitive employment. Per the U.S. Department of Labor statistics 53 percent of all employees in the U.S. have health care coverage through their employer. In light of the national statistics the suggested revision for indicator number 2 is 50 percent for 2006 and 2007. For performance indicator number 3, which is the average hourly earnings at closure for

clients with competitive employment, the Rehabilitation Services Administration (RSA) has evaluation standards and performance indicators for state vocational rehab programs. The RSA performance indicator is an earnings ratio comparing the hourly earnings of all individuals in the state to the hourly wage of disabled clients placed in competitive employment. Using the average hourly wage for all Nevadans the RSA performance indicator would be \$8.80 per hour. To align with this indicator it is suggested that the projected wage for state performance indicator number 3 is modified to \$9 per hour.

Senator Beers said the actual FY2004 performance regarding performance indicator number 2 was 65 percent but a goal for the next two years was 50 percent, and Ms. Sherman replied, "Yes, sir." Ms. Sherman said that in looking at the performance measures for 2005 that particular performance measure was trending down and that was indicative of all the U.S., and health care insurance was an issue for all employers. In light of that she thought it would be best to tie the performance indicator to a national statistic.

Senator Beers asked what the national statistic was in 2004. Ms. Sherman said she did not have that information but she would provide it.

Senator Beers asked if Ms. Sherman knew whether the Department was performing better or worse than the national average in 2004. Ms. Sherman said she did not know.

Senator Beers said that in 2004 the third performance indicator was \$9.49 per hour and he asked what the projection would be for the upcoming biennium. Ms. Sherman answered the projection was \$9 per hour. Mr. Beers asked if that would take additional staff to achieve and Ms. Sherman said it would.

Senator Beers stated that "this is not giving me warm, fuzzy feelings." Ms. Sherman said that the former performance indicator was actually too high and that the change was an attempt to bring it down to something that was achievable and realistic.

Senator Beers asked if there was an error in calculation of the former performance indicator or did the staff perform exceptionally well. Ms. Sherman answered that the previous performance indicator was \$11 per hour.

Senator Beers asked if the former performance indicator goal was too high and Ms. Sherman said it was. Senator Beers asked about the actual performance indicator. Ms. Sherman said the actual performance indicator for 2004 was \$9.49 per hour.

Senator Beers asked if that was going to be dropped to \$9 per hour. Ms. Sherman said that part of the challenge of the program was that there were both federal and state performance indicators. She said she was attempting to align that particular performance indicator with the federal performance indicator to bring it into line so that the Division could meet both and have one performance indicator tied to the other. Ms. Sherman said that was her thought process in choosing \$9 per hour.

Senator Beers asked for clarification. He said the federal government had an externally applied performance indicator not knowing anything about Ms. Sherman or anything in particular about the state of Nevada and the things

that made the state unique, and the federal performance indicator goal was less than the state's goal. Senator Beers asked if the state exceeded the federal performance indicator goal and Ms. Sherman replied, yes. She said the federal performance indicator was tied to the average hourly earnings for all Nevadans and was a percentage of that for disabled Nevadans.

Senator Beers asked why that was not one of the performance indicators in the budget if Ms. Sherman was attempting to align the federal and state performance indicators. Ms. Sherman said the performance indicator, as it existed, was \$11 per hour so in the analysis what she had chosen for the suggested modification was to be able to meet both performance indicators at the same time by bringing the state performance indicator into alignment with the RSA performance indicator, which was also based on the average hourly earnings for all employees in the state of Nevada.

Senator Beers asked what the least efficient process was in the Bureau. Ms. Sherman said she was unsure how to answer the question. Senator Beers said that concerned him a little bit. He stated that as the Bureau administrator he would expect Ms. Sherman to be constantly evaluating the efficiencies of the processes in the Bureau and trying to find more efficient ways to complete the job. That would allow more to be done with the same money or the job done with less money.

Mr. Coleman interjected that perhaps one of the things related to the operation that would come up in some of the other questions was the vacancy rates the Bureau had experienced. He said having stable front-line staff and being able to build and maintain relationships with the clients had been problematic in the Division. He said that had been addressed but how case service dollars had been utilized were some of the areas where efficiency and productivity should be increased. Mr. Coleman said another point was that many of the people served had cognitive disabilities and the standard for the federal government was above minimum wage. In the Bureau of Services to the Blind and Visually Impaired that factor was not there, and the Bureau was attempting to have an aggressive goal but also something that could be met and exceeded.

Mr. Coleman said that back to Senator Beers' question on efficiency; it was on the staffing side and utilization of resources. He said that would be addressed in the questions coming from the Subcommittee.

Senator Beers said the Subcommittee hoped to have management teams for all state programs that always thought about the efficiencies of their processes and how they could be improved, and that was the point of performance indicators. Mr. Coleman agreed.

Chairwoman McClain asked if the Bureau was asking for additional staff. Mr. Coleman said they were working hard to reduce the vacancy levels.

Ms. Sherman said that in Budget Account 101-3265 there were three vacant rehabilitation counselor positions and in Budget Account 101-3254 there were five vacant rehabilitation counselor positions.

Chairwoman McClain asked if the vacant positions would be filled and Ms. Sherman responded that the bureaus were working hard to fill the positions. She said some of the recruitments had been expanded to nationwide recruitments. She said the Bureau had also promoted from within and had used accelerated rates to retain and attract new counselors. Ms. Sherman said she



was hopeful that the vacancy rate could be reduced. Currently it was at 17 percent and they were continuing to interview. There were more "robust" personnel lists available than had been available in the past.

Chairwoman McClain asked if the increased federal funding was for additional clients or for the current clients. Ms. Sherman said that one of the questions asked at a prior meeting concerned the federal Section 110 grant funding.

Chairwoman McClain reiterated that her question was whether the funding would be used for new clients or for current clients. Ms. Sherman read:

In your response please indicate the basis for the recommended Section 110 grant funding for FY2006 and FY2007. Since 1995 the Section 110 grant had increased by an average of 6.71 percent per year. Included in the Governor's recommendations in Decision Unit E-427, which was on page REHAB 21, there is an increase of 5 percent per year in the 110 grant for 2006 and 2007. Fiscal year 2004 was not a good year in terms of expending all the client service dollars. That was attributable to the vacancy rates. There was a 30 percent vacancy rate in FY2003 and a 30 percent vacancy rate in FY2004.

Chairwoman McClain asked how much was not spent. She said the Bureau had not done very well in the past five years. Ms. McClain asked if there was an unmet need that had gone untapped. Ms. Sherman answered that in terms of meeting client service needs, the Bureau had projected that for FY2005 they would be able to serve over 8,177 clients and that was up from over 7,000 in FY2003. She said the vacancy rate was the driving force and once the vacancies were filled more clients could be served and the federal 110 grant funds could be fully maximized. Ms. Sherman stated that the average caseload duration for a rehabilitation client was 2.5 years so when a vacancy rate of 30 percent existed it not only affected the current year, it also affected the following years. Ms. Sherman said the first year of service was usually the evaluative year, the testing year, the year of planning the vocational goal. She said the second year was when the vocational plan dollars were expended and the second year was typically when most of the dollars were spent.

Ms. Sherman said that for FY2004 there was a vacancy rate in the prior year, FY2003, and then there was also a vacancy rate of 30 percent in the same year and that "double whammy" effect had a profound effect on how client service dollars were expended. Ms. Sherman said that in order to mitigate that vacancy rate, overtime had been authorized and the Bureau had been aggressively filling the positions and the vacancies so that the staff would be in place to serve clients and expend 110 dollars. She said the Bureau was on target to spend all the monies allocated for FY2005 based on the current projections. She said she was confident that once the positions were filled the Bureau would be able to maximize the case service dollars in FY2006 and FY2007.

Chairwoman McClain asked if the Bureau had a waiting list. Ms. Sherman replied affirmatively and said that for people who were waiting for the first appointment with a rehabilitation counselor the average wait was 20 working days and the total statewide waiting list was 489 clients waiting for services.

Senator Beers asked if the Bureau had gone to community-based organizations and asked if there was any way they could enter into contracts with some of the unused federal money and lighten the workload on the Bureau.

Ms. Sherman said that previously they had been able to use grants in that capacity and fully utilized the 110 monies. However, in August 2004, the Bureau was informed by the Rehabilitation Services Administration that the Bureau could not use 110 funds for grants. She said the Bureau was in the process of rebidding some of the former grants and converting them to Requests for Proposals for contracts to provide some of the services.

Senator Beers asked if the Bureau could enter into contracts but not award grants. Ms. Sherman said that was correct.

Senator Beers asked what percentage of the 450 people on the waiting list, based on historical knowledge, just wanted a job. Ms. Sherman said she could not give a percentage but one of the things the Bureau had done to address that issue was to create a fast-tracking process so that all the one-stop offices and the Vocational Rehabilitation offices in Reno and Las Vegas could identify those people who just needed a job. Those one-stop offices could then work with the individuals to find jobs quickly.

Senator Beers asked if there was a 20-working-day wait for people just needing a job. Ms. Sherman said yes. Senator Beers clarified that the wait would be approximately one month for someone to get help in finding a job. Ms. Sherman said the wait time varied from location to location. She said that in southern Nevada the wait was longer because of the increase in caseload. However, in some of the other offices the wait was not as long. Ms. Sherman said the Bureau was looking at some ways to balance caseload and they had also reclassified positions and transferred them to Las Vegas in order to increase capacity in Las Vegas to address the rising population needs. Ms. Sherman added that it was an ongoing process.

Senator Beers asked how the process worked for someone wanting a job. Ms. Sherman said there were a number of ways the Bureau received referrals. She said they received walk-ins and referrals from other community organizations. Ms. Sherman said when a call was received the person would be scheduled for an orientation and that orientation usually took place in the same week or the next week, depending upon the office that had called. She said when the person came in he would receive an orientation on the types of services that the Bureau could offer.

Senator Beers asked if the orientation was given by a certified rehabilitation counselor. Ms. Sherman responded that the orientation was usually provided by paraprofessional staff who were the rehabilitation technicians. She said that in some instances in the rural offices the orientation might be provided by a rehabilitation counselor. Ms. Sherman said that once the person came in he would be given an application, his questions would be answered, and he would be scheduled for an intake interview. She said the intake varied from office to office. It could be with a rehabilitation counselor or it could be with a paraprofessional staff member to collect all the information necessary to determine eligibility.

Senator Beers asked if there was any way to shift some of the work from the certified counselors to the paraprofessional staff to reduce the 17 percent vacancy rate and ultimately provide better service. Ms. Sherman said that had already been done in many of the offices and the Bureau was looking to "shift and slice and dice the workload" so that the paraprofessional staff could actually provide the services in order to free up counseling staff to provide vocational counseling services.

Mr. Coleman commented that the staff within the JobConnect offices worked as a team so that if someone was job ready and waiting for his first appointment with a counselor he would be made aware of resources available in the JobConnect offices. He said there had been many meetings across the partnership to secure jobs for job-ready people because the person needing the job did not care where the funding came from, that person wanted service. Mr. Coleman said the Bureau had gained ground by working in teams within the JobConnect offices to serve people.

Chairwoman McClain asked if the 450 people on the waiting list were all in Las Vegas. Ms. Sherman said there were 374 clients that were awaiting service in Las Vegas, 97 in northern Nevada, and 18 in rural Nevada, for a total of 489 clients.

Chairwoman McClain asked what the staff breakdown was between Las Vegas and the remainder of the state. Ms. Sherman said the current average caseload for the Bureau of Vocational Rehabilitation counselors was 85 clients and for the Bureau of Services to the Blind and Visually Impaired it was 52 clients per counselor.

Chairwoman McClain asked if the caseload was the same as it was in northern Nevada. Ms. Sherman informed the Subcommittee that the average caseload in southern Nevada was 88. In the northern district the average caseload was 69 and the average caseload in the rural district was 99, for a statewide average of 85 cases per counselor.

Chairwoman McClain said it appeared to her that some of the northern Nevada counselors needed to be moved to Las Vegas.

Ms. Sherman stated that three positions had been moved from northern Nevada to Las Vegas to address the caseload issue, and some non-counselor positions had also been reclassified to counselor positions in order to increase capacity. Ms. Sherman said that was an ongoing process. She said that as positions were vacated the Bureau determined where the position could best be used to serve the clients.

Chairwoman McClain asked if the vacant positions were all planned for southern Nevada. Ms. Sherman said there were no counselor vacancies in the rural areas but in southern Nevada most of the vacancies were with the Bureau of Services to the Blind and Visually Impaired. She said there was one vacant Bureau of Vocational Rehabilitation position in southern Nevada and four vacant positions in the Bureau of Services to the Blind and Visually Impaired. Ms. Sherman said there were eight vacancies or 17 percent of the positions.

Chairwoman McClain asked why the training budget was so high. Ms. Sherman said the high training budget was due to the training requirements for counselors and paraprofessionals. She said that statewide there were 77 professional and paraprofessional staff members, and they received training on specific kinds of disabilities on a regular basis to keep them current and better able to serve the variety of disabled clients needing service.

Chairwoman McClain asked if the staff needed different training than staff in other departments and Ms. Sherman said they did.

Senator Beers said that four years ago the bill for the Coalition Employing Nevadans in Training and Services (CENTS) Program was passed. He asked how many jobs had been created through that program. Ms. Sherman referred the question to Cecilia Colling.

Cecilia Colling, Chief of Operations, Rehabilitation Division, Department of Employment, Training and Rehabilitation, responded that there had been 11 jobs created in the preceding four years in that program. She said those jobs had been provided by one community training center, Opportunity Village.

Senator Beers said he thought that might be an opportunity to find work for some of the Bureau's clients. Ms. Colling said there were referrals made to the community training centers, the CENTS Program needed "a little work" and the Bureau was in the process of trying to establish ways for the Bureau to assist the community training centers to procure purchasing contracts.

Senator Beers asked if the Purchasing Department should be "mildly harangued" about the CENTS Program. Ms. Colling responded that the purchasing departments were attempting to cooperate and it was a matter of coordinating what the training centers were capable of providing and creating links with the purchasing agents to show them the benefits of using the program.

Senator Beers asked Ms. Colling to repeat her response. Ms. Colling said that the purchasing agents were willing to work within the system because they had the benefit of not having to go out to bid and directly negotiate with the training centers but she did not believe the training centers had had the opportunity to explain to the purchasing agents what they were able to do so they could start the negotiations.

Senator Beers asked who shredded the state's paperwork that needed shredding in Las Vegas. Ms. Colling said there were some shredding contracts done by a community training center but that was very limited at the present time.

Senator Beers said "they do a pretty good job shredding our stuff where I work." Ms. Colling said there was one training center that was certified to do shredding.

Senator Beers asked if the Bureau was currently planning how to get "this flywheel moving." Ms. Colling said that was correct.

Senator Beers asked if the situation would be improved when the Bureau appeared before the Subcommittee in the 2007 Session of the Legislature. Ms. Colling said the program had been dormant for some period of time. She said there was a contract through the Bureau of Vocational Rehabilitation with one of the programs to attempt to set up some marketing programs, develop some background materials, and provide for travel to work with the purchasing agents throughout the state.

Mr. Seale asked if someone could explain to him what he had just heard. He expressed concern that there was an existing program that in four years had produced only 11 jobs. He said he did not understand that.

Ms. Colling said the CENTS Program was a program also known as the State Use Program where community training centers could bypass the bidding process with state and local purchasing agents to provide certain services or goods for a negotiated price. As a part of the program the majority of the

people who did the services or provided the goods were required to be people with disabilities. Ms. Colling said that the law was enacted in 2001 and one community training center had aggressively attempted to establish contracts. She said it was not a mandated service, it was an optional service and it required a concerted effort of educating the purchasing agents, creating the infrastructure in the community training centers to provide the goods or services, and then making sure the Bureau was aware of when the contracts would be available so they could be negotiated before they were bid. Ms. Colling said that in the last four years there had been four contracts with a limited number of people with disabilities being employed.

Mr. Seale asked how much the program had cost. Ms. Colling said that up to the current point it had cost nothing.

**DETR, OFFICE OF DISABILITY EMPLOYMENT POLICY (101-3156) - REHAB-25**

Ms. Colling referred the Subcommittee to budget page REHAB-25. She said there were three FTEs in the budget and the office was responsible for developing interagency employment policies and practices to assist people with disabilities. The office also assisted businesses in hiring people with disabilities and accommodating people in the workforce.

Ms. Colling said questions had been asked about the Ticket to Work Program and the CENTS Program and responses had been provided to the Subcommittee's staff. She said the Senate had questions about the performance indicators and wanted to know what the most reasonable indicators would be. Ms. Colling said the first indicator related to the number of Nevada businesses or industries requesting technical assistance. She said the Bureau proposed that the indicator be maintained at the recommended 30 for FY2006 and FY2007 because the added duties related to implementing the CENTS Program would probably not allow the Bureau to expand but they would attempt to maintain the levels of the past.

Ms. Colling said the second performance indicator related to the number of Nevada businesses or industries receiving training. She said the Bureau recommended that the indicator be decreased to 100 in FY2006 and 100 in FY2007. She said the Bureau planned to do the training by doing quarterly trainings with approximately 25 people each time to discuss various accommodation and disability-related issues.

Chairwoman McClain asked if the actual number of businesses receiving training in FY2004 was two. Ms. Colling said that was correct. Chairwoman McClain asked why. Ms. Colling explained that the rollout of the Ticket to Work Program consumed the time of the three staff members during those two years and they were out training the employment networks potential beneficiaries on the merits of that program. She said that the training did not allow for on-site visits with businesses as had been projected.

Ms. Colling said the third indicator related to entities providing services to people with disabilities asking for technical assistance. She said the Bureau was recommending the indicator to be 10 for each year because the Ticket to Work Program had rolled out and the intensive requests for assistance had subsided over the last year, and she did not believe there would be a lot done with the service providers.

Ms. Colling stated that the fourth indicator related to entities providing services to people with disabilities who received training. She said the Bureau recommended that the indicator be 5 in FY2006 and 5 in FY2007. She said she knew the indicators also showed a higher level of activity for the last biennium but that also related to the Ticket to Work Program. She said she did not see that level of activity continuing.

Ms. Colling said the new performance indicator that had been added related to the number of vocational rehabilitation clients achieving 90 days of competitive employment. She said that had been projected at 35 but they were now suggesting that 15 might be more realistic for FY2006 and 20 for FY2007. Ms. Colling said the indicator was based on the implementation of the CENTS Program and the one community training center had only been able to place 13 employees in the last four years. She said that was a standard for vocational rehabilitation competitive employment, which was a higher standard than what the program was intended to do. Ms. Colling said the employees did not necessarily have to be paid minimum wage and they did not necessarily have to be working 30 hours per week to be benefiting from the CENTS Program. Ms. Colling said the Bureau would be placing people in the program but they would not necessarily qualify as competitive employment.

Chairwoman McClain asked if the Bureau was a three person "think tank." She said the Bureau should be pursuing federal grants but it sounded to her that the Bureau only trained individuals. Ms. Colling responded that that was not quite the case. She said the unit also supported the Vocational Rehabilitation Council, which was also known as the Governor's Council on Rehabilitation and Employment for Persons with Disabilities and the Workforce Investment Board Disabilities Subcommittee. Ms. Colling said the staff did assist those two councils in developing policy and did research for them. The staff also worked with the Vocational Rehabilitation Division on the development of some interlocal agreements with the local school districts for the transition students, and they were also active on the transition subcommittee that was a part of the Governor's Council. Ms. Colling reiterated that the staff was doing policy direction.

Senator Beers asked how many grant applications had been written in the current biennium. Ms. Colling responded that no grant applications had been written.

Senator Beers asked if the Bureau should be writing grant applications. Ms. Colling said that would be nice but there were only three employees in the unit, one professional and two clerical individuals, and with the many duties that had been placed on the unit she was unsure that writing grants was practical as that was labor-intensive and required special skills. She said she was unsure that it was possible.

Mr. Seale asked how long the budget account had existed. Ms. Colling answered that the budget account was fairly new in the Department. She said it had been recently transferred from the Department of Business and Industry and had been known as the Governor's Committee on Employment of People with Disabilities. She said the account had moved from various departments and it had been decided in the last biennium that General Fund dollars would be saved by moving the account into DETR to be supported with Rehabilitation dollars and Workforce Investment Act dollars.

Senator Beers asked where the staff of the unit was physically located. Ms. Colling said the office was located across the street from the Director's office. She said two of the staff were located in Carson City and one was located in Las Vegas.

Senator Beers asked if one of the clerical positions was located in Las Vegas and Ms. Colling replied yes. Senator Beers asked who that support staff position supported. Ms. Colling said the position was located with the Client Assistance Program and helped answer questions from people related to services, provided referrals, and discussed Americans with Disabilities Act (ADA) issues.

Senator Beers asked if the Subcommittee was confused in its belief that the unit functioned as a think tank that came up with better ways to do things. He also asked if the clerical support staff should be supporting the professional staff. Ms. Colling said the positions were located where they were when the positions were transferred to DETR.

Senator Beers said a favorite answer was that it was done that way because it was the way we had always done it. Ms. Colling said the support position in Las Vegas did provide support loosely to the chief of that unit.

Chairwoman McClain was concerned that the clerical position could become clerical support for someone other than the professional position in the unit. Ms. McClain asked why the position was not included in the Administration budget. Ms. Colling said two positions were located in the central administrative office of the Rehabilitation Division and they did work with her, the Chief of Operations, on developing policies for people with disabilities, and coordinating efforts between the two rehabilitation Bureaus. Ms. Colling said she believed the positions were working in an administrative capacity.

Chairwoman McClain asked if DETR would lose federal funds if the three positions were moved into the Administrative budget. Ms. Colling said the Administrative budget was based on cost allocation.

Chairwoman McClain said it seemed odd that the unit was a separate unit and not doing what the overview indicated the unit would do.

Mr. Hettrick said he felt the same way that Chairwoman McClain had expressed. He said the unit was a "stepchild" that had been transferred around. He said it seemed as if there was no real assignment of work for the three positions. He said he did not think policy was being created, there was no grant money received, and no practices were being established. Mr. Hettrick said it sounded to him like the employees answered the phones and helped out in the office because there was no direction. Mr. Hettrick asked what would happen if the positions did not exist.

Ms. Colling responded that the functions provided for the two policy boards would have to be assumed by other positions in the Division and that would become quite involved. She said agendas would have to be established and support would have to be provided to the Council for travel arrangements.

Mr. Hettrick asked if the federal money could be transferred if the positions were moved to an area where they could function as they were intended. Ms. Colling said the funds could not be transferred and Mr. Hettrick asked if the positions would then have to be funded with General Funds. Mr. Hettrick said it

appeared that what was actually happening was that federal funding was being received for three staff positions that were being used for other purposes. Ms. Colling said she would not say that; she said the positions were working with the businesses in the state.

Terry L. Johnson, Deputy Director, Department of Employment, Training and Rehabilitation, introduced himself. He said that listening to the testimony underscored some of the challenges the office had faced in recent years in terms of leadership, its mission, and its purpose. He said the office had actually been created by executive order in the mid-1970s. Mr. Johnson said that in the time he had been with the Department, at the direction of the Director, he had been looking at codifying exactly what its mission was because there was very little referenced in statute. Mr. Johnson said the executive orders had been issued from 1975 through 2002 and had evolved over the last 30 or so years. He said the Department had made a commitment at a prior proceeding of the current session of the Legislature that it would be attuned to the leadership issues that had faced the agency and that it was committed to working over the next biennium to meet the challenges and mission as the Department understood them. Mr. Johnson stated that there had been an earlier discussion about moving the office into another department and he did not think that would serve the office well. Mr. Johnson said that rather than moving the office from Business and Industry to DETR to the Department of Administration it would be better to clarify what the office's purpose and mission was and execute on those functions. Mr. Johnson said the office was attempting to go forward.

Mr. Hettrick said he appreciated Mr. Johnson's comments and he did not want his comments to be misunderstood. He said he believed the office had been created and was "floating." He said it was not a great deal of General Fund money but he believed there should be some direction for the office or the staff should be moved to where they should be working. Mr. Hettrick said he had heard what Mr. Johnson said, he realized DETR had the office for two years and it had "floundered" but in the next session of the Legislature in two years he wanted DETR to demonstrate that something positive had been done with the positions. Mr. Hettrick said that currently it appeared that the grant money was being accepted to "fill in holes."

Mr. Johnson said he understood the Subcommittee's concerns and he made the commitment that DETR would develop a program the Legislature could be proud of in two years.

#### **DETR, CLIENT ASSISTANCE PROGRAM (101-3258) – REHAB-32**

Mr. Coleman said there were two FTEs in the program and it was a federally mandated program that provided resources to clients in the rehabilitation program in independent living. He said the program also provided a resource for helping them to become employed and work independently. Mr. Coleman said the program helped to resolve disputes and issues around client service.

Mr. Coleman stated that there had been a question related to outreach because the program had moved from Reno to Las Vegas. He said that the program had made a concerted effort to provide outreach across the state to make people aware of the services that were provided by the Client Assistance Program. He said the program had redone its brochures and developed other educational materials, including a web page. Mr. Coleman said the staff had attended



meetings and conferences to make people aware of services and where the services could be provided.

Chairwoman McClain asked Mr. Coleman to indicate the basis for the projected number of new cases. Mr. Coleman said there had been a change of staff in the office with a vacancy of ten months. He said the workload reflected that vacancy and then returned to normal.

Chairwoman McClain asked if the projected caseload of 145 was more reasonable and Mr. Coleman said it was.

Chairwoman McClain asked if the program was fully staffed and Mr. Coleman said it was fully staffed.

**DETR, SERVICES TO THE BLIND AND VISUALLY IMPAIRED (101-3254) –  
REHAB-37**

Mr. Coleman said that the budget had 34.5 FTEs and had a mission to serve persons in Nevada who were blind and visually impaired, to help them with employment challenges, to help them live independently, and to adapt to their visual challenges.

Ms. Sherman said a question had been asked about the amount of increase anticipated, if any, in the number of clients requiring services in the FY2005-2007 biennium and the ability of the Bureau to accommodate the increase in caseload. Ms. Sherman said there had been an 11 percent increase in caseload from fiscal year 2004 to fiscal year 2005. She said that she had previously addressed the reclassification of non-counselor positions to counselor positions and the relocation of those positions to Las Vegas. Ms. Sherman said the Bureau anticipated being able to serve the increased caseload through the reallocation of its resources and the transfer of some of those resources to Las Vegas.

Ms. Sherman said another question had been asked on the process of identifying visually impaired students who were not in special education. Ms. Sherman said they were working with the school districts to identify those children so the Department would be better able to serve that population.

Chairwoman McClain asked if the Department had the capacity to accommodate an increase in its caseload. Ms. Sherman said yes, and there might also be reclassification of vacant positions to counselor positions as they became vacant.

Chairwoman McClain asked Ms. Sherman to comment on the unutilized federal funding. She asked if the Department was in jeopardy of losing the funding if it was not used. Ms. Sherman said the federal funding was a formula-based grant based on population.

Mr. Ramirez said the Section 110 funding had a two-year lifespan as long as the state fully matched the funding in the first year. So far it had been fully matched by September 30 of every year, and that provided another 12 months to spend the portion of the funding that was not spent in the first year of its life. Mr. Ramirez said the match was 21.3 percent.

Chairwoman McClain asked if the funding was in jeopardy of being discontinued or reduced considering the current administration. Mr. Ramirez said the

allocation to Nevada was based on population and population growth and so far Nevada had seen a steady increase. He said the growth in the grant had averaged 6.71 percent per year since 1995.

Senator Beers asked why the Department had been unable to spend the money. Mr. Ramirez said Nevada was able to match in the first year. He said a federal year was matched with a state year. Mr. Ramirez said the 110 money had been under-spent as they had struggled in the July through September quarter to match the portion that needed to be matched in that period. He said that normally it would be 25 percent of the grant but because of the historical under-expenditure sometimes in that quarter Nevada would have to match 40 percent or 50 percent of the grant in one quarter. Mr. Ramirez said that, in essence, Nevada had to borrow match funds from the future to keep from not being able to match the money. He said that was evidenced in the balance forward work programs where federal and state authority were aligned. Mr. Ramirez said that for FY2005 they had balanced forward approximately \$2.4 million that technically should have been spent in prior years but that was the amount of money that was moved forward. He said they were able to match it but it was prior year's money that had to be spent.

Senator Beers said he must have asked his question poorly and he asked if there were limitations on what the Department could spend the money on. Mr. Ramirez responded that the money could be spent on any activities that were conducted within either Vocational Rehabilitation or Services to the Blind budget accounts. He said it was a matter of spending either the General Fund component or the federal component. Mr. Ramirez said that as he understood Senator Beers' question, the Senator wanted to know why the funds had not been spent. Mr. Ramirez said that was due to the salary savings because of the vacancies and that historically there was a large amount in Client Services that had not been spent. He said that component of the federal money had to be balanced forward to the next year. Mr. Ramirez said the process began "to snowball on you."

Senator Beers asked if there was a waiting list for the Program. Mr. Ramirez said the waiting list was near 500 people for Vocational Rehabilitation.

Senator Beers asked if there was a percentage allocated by federal rule to the Services to the Blind and Visually Impaired program. Mr. Ramirez said that roughly by policy the Department had allocated 80 percent to Vocational Rehabilitation and 20 percent to Services to the Blind.

Senator Beers asked what part of the funds would be reverted. Mr. Ramirez responded that the General Fund component would be reverted and the federal match would not be received. He said the Department would balance forward the federal dollars but basically they would be unmatched at that point. Mr. Ramirez said the state would borrow from the future match to keep from losing the dollars at September 30.

Senator Beers asked for confirmation that the budget request before the Subcommittee included some General Fund money to match federal funds. He asked what part of the budget request addressed the changes the Department had implemented to allow Nevada to fully draw on the federal fund with a 4 to 1 match. He asked what the Department would do differently to allow it to fully draw the grant.

Mr. Ramirez said the primary goal of the Division, as their testimony reflected, was to focus on filling vacant positions to the best of their ability. He said the key to their success would be in having the counselor positions filled and there had been historically some very high vacancy rates. Mr. Ramirez said that in order to start using the federal \$2.4 million that had been "stockpiled" as vacancies occurred, or it was projected that all the operating funds from the cost allocation were not going to be spent, the Department would "sweep the General Fund match" to allow the Department to bring more of the federal dollars into client services. That would augment the client services expenditures and not revert to the General Fund. Mr. Ramirez summarized that the Department would attempt to maximize the General Fund by sweeping the other categories when it was projected those categories would not be spent. He said that the General Fund component would be used to augment the client services category. Mr. Ramirez said that clearly there were the federal dollars available to be drawn.

Senator Beers added that the waiting list also was there and should be considered.

Chairwoman McClain asked if it was difficult to hire counselors. Mr. Coleman answered that it was difficult because a master's degree in Vocational Rehabilitation was required as well as a requirement to sit for a national credential. Mr. Coleman said the federal government required that standard and the Department had worked very hard to increase the pool of applicants and had made real progress in the prior six months.

Mr. Seale asked how many clients were served by the budget. Ms. Sherman answered that for FY2004, 848 clients were served and 943 clients were projected for FY2005.

Mr. Seale asked why the performance measures did not include the number of clients served as he thought that might be useful information. Ms. Sherman said the cost per client served worked out to be approximately \$848 for FY2004 and was projected for FY2005 to be \$943.

Senator Beers said he wanted to confirm that it was a federal requirement that the vocational rehabilitation counselors be certified. Senator Beers stated that someone needing a job did not need to see a certified counselor. Mr. Coleman said there were paraprofessional staff and also staff in trainee positions who could earn their master's degrees. He added that the Department had recently worked with the University of Nevada, Las Vegas, to produce course certified counselors. Mr. Coleman said the Department was also working with new graduates to expand its pool.

Senator Beers asked if there were any internships and Mr. Coleman said they had discussed that with the universities and were pursuing that possibility. Senator Beers asked if there should be funds added to the budget for an intern program.

Ms. Sherman said the difficulties began in approximately 1999 when Rehabilitation Services Administration raised the bar for vocational rehabilitation counselors by requiring either that the state certify the counselors or a national standard be used. Ms. Sherman said Nevada chose to use the national standard which was certified rehabilitation counselor (CRC) and the requirements were high. She said a master's degree in vocational rehabilitation counseling was required offered by a core certified facility. She said the applicants also had to

be eligible to sit for the CRC exam. Ms. Sherman said the existing counselors did not have those kinds of qualifications and required additional education to be able to become qualified. Ms. Sherman said that going forward, the Department changed the class specifications to match the federal requirements and that would go into effect July 1, 2005. Ms. Sherman said the class specifications and the grade levels were elevated and that would assist in recruitment and retention. Ms. Sherman said the addition of Las Vegas having a core certified program bode well for the Department being able to fill the vacancies in the future because the Department could partner with the university and offer internships. She said staff could be brought on board to do a paid practicum with the Department. Ms. Sherman said the Department could "grow their own folks" in the future.

Senator Beers asked how many states opted to go with the national standard for certification. Mr. Coleman said he did not have the exact number with him but the majority of the states went with the national standard. He said the states that did not already had their own licensing provisions in place.

Senator Beers said the school-age youth being served had decreased by approximately 75 percent and he asked why that had occurred. Ms. Sherman said that transition youth were special education youth in the school district and not all visually impaired students were in special education. Ms. Sherman said the Bureau looked at the number of visually impaired students who were enrolled in special education and it was a very small number. Ms. Sherman said the Bureau was planning to work with the school districts to identify visually impaired students who were not in special education so that population could be better served. Ms. Sherman said a student would have to have a cognitive impairment to be in special education and not all visually impaired students were enrolled in special education, some of them were mainstreamed. She said the Bureau did not currently have access to those students. Ms. Sherman said the Department of Education did not maintain a list of the number of students who had visual impairments so each school district would have to be contacted independently to identify the students.

Senator Beers asked when that would happen. Ms. Sherman said that process had already been started and it would take four to six months to complete the project.

Senator Beers asked if the Bureau had written letters to each school district and was then waiting for responses. Ms. Sherman said the Bureau had been calling the school districts. She said the Bureau had contacted the State Department of Education and gotten ideas for contacts and the Bureau would follow up with the contacts to see if there were records available of visually impaired students in each school district.

Senator Beers said he believed the school principals could be contacted for lists of visually impaired students. Ms. Sherman said that school nurses also might keep lists of visually impaired students or lists might be kept of students who had been provided ADA accommodations.

#### **DETR, BLIND BUSINESS ENTERPRISE PROGRAM (101-3253) – REHAB-45**

Mr. Coleman said Budget Account 101-3253 was under the responsibility of Ms. Sherman and she would review the questions that had been asked. Mr. Coleman said the program was administered by the Division and had responsibility for blind people who operated vending stands on federal and other

properties throughout the state. He said the program served as a licensing agency and was under the Randolph-Sheppard Act.

Ms. Sherman said a question had been asked on the status of any litigation of grievances pending regarding the blind business enterprise program. Ms. Sherman said she had provided a listing of those grievances to the Subcommittee's staff. She offered to answer any questions the Subcommittee had regarding the list.

Chairman Beers asked if Ms. Sherman had considered that all the legal opponents in litigation were creations of the Legislature and that it might be more expedient for the Legislature to legislate the disincorporation of the City of Las Vegas rather than for the Bureau to sue them. Chairman Beers said that, seriously, the Legislature had some ability to influence their behavior. Ms. Sherman said that if that was something the Subcommittee wanted to do, it should "go for it."

Ms. Sherman said the Bureau was attempting to assert the Randolph-Sheppard priority whenever it could to create new opportunities for the blind operators. She said that sometimes that was very difficult.

Senator Beers asked if a meeting could be scheduled with Bureau staff and the Chairman of the Committee on Government Affairs, before whom the Bureau's opponents frequently appeared, in order to see if the Chairman could precipitate a "heart to heart." Ms. Sherman said that would be wonderful.

Ms. Sherman said a question had been asked on the current status of implementing the proposed expansion plan as presented in the Department's response dated October 12, 2004. Ms. Sherman said she had provided a status report and noted that the Department had a new state office building snack bar slated to go online on July 1, 2005. She said there were two other opportunities, one of which had been approved by the Nevada Committee for Blind Vendors, and that was the Department of Motor Vehicles in Las Vegas. She said there were two other opportunities that were pending approval of the Committee, one was the sports complex in the City of North Las Vegas and the other was the Southern Nevada Mental Health Psychiatric Hospital. Ms. Sherman said those opportunities were opening up in the future.

Ms. Sherman said there had also been a request for information on the training services that had been provided to the blind vendors. She said she had provided the Subcommittee's staff with a list of the training for FY2004 and FY2005.

Mr. Seale asked if services were being provided to approximately 30 vendors throughout the state and Ms. Sherman said that was correct. Mr. Seale asked if that was being done with approximately \$2.5 million. Ms. Sherman said that Budget Account 3253 was totally funded by a set-aside from the blind operators. She said the Bureau took a portion of the earnings to fund the budget so there were no state dollars involved. Ms. Sherman said a portion of the profits were earmarked to go into the fund to provide training, support, refurbishing, and expansion of facilities. Mr. Seale said it seemed like a great deal of money for 30 operators.

Senator Beers said that the \$2.5 million included some capital and maintenance funds, plus the fund was the operators' money. Senator Beers asked if there

was a policy council made up of the vendors. He said the Caucus Café in the Legislative Building was operated by a blind vendor.

Senator Beers asked how many people were waiting for service. Ms. Sherman said there were four new applicants who were in the process of being examined for possible licensure and training.

**DETR, EMPLOYMENT SECURITY (205-4770) – ESD-1**

Cynthia A. Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation, introduced herself. She explained that the Division was organized into two major functions, federally funded employment service programs administered by the Division through the Nevada JobConnect system, and the Unemployment Insurance Program, which was a joint federal and state insurance system that provided temporary partial wage replacement to protect workers against the hardships of unemployment.

Ms. Jones said she would focus her presentation on the budget reductions the Department recently submitted as discussed by the Director and would respond to questions raised by the committees at previous hearings.

Ms. Jones said the first of the Division's budgets began on page ESD-1. She said Budget Account 205-4770 was the Employment Security Division's administrative account and received the vast majority of its funding from the U.S. Department of Labor. Ms. Jones said the committees did not have any questions regarding that budget account, however, as the Director discussed, the Department had requested that certain budgets be reduced to align expenditure authority with projected federal revenue, and Budget Account 205-4770 was one of those budgets.

Ms. Jones stated that through the recently submitted Decision Unit E-260, the Department had requested the elimination of 33.5 of 395.5 base positions, \$1,250,000 in funding for seasonal part-time help, and \$520,000 for equipment over the biennium. She said that in addition, funding for the remaining equipment, approximately \$1.1 million for the biennium, was being transferred from the Employment Security Special Fund, Budget Account 205-4771. She said the agency believed it could continue to deliver services within the revised expenditure authority and still meet performance indicators as projected. Ms. Jones said that most of the fluctuation in the Division's funding was tied to the unemployment insurance claim load and that claim load continued to be flat. Ms. Jones stated that the most recent Monday's activity in the call center was 8 percent less than the Monday before. Ms. Jones said that should the unemployment rate rise in Nevada, the Division offered the option of filing claims over the Internet and that was a viable option for the telephone system. In the event the Division encountered a dramatic rise in unemployment insurance claims load, the Department expected the Department of Labor funding of the program to increase accordingly allowing for the hiring of intermittent staff to address any wait times.

**DETR, CAREER ENHANCEMENT PROGRAM (205-4767) – ESD-12**

Ms. Jones said a question had been asked about Decision Unit E-250, found on page ESD-15. The question was about the number of clients served per position and the staffing history for the program over that past three biennia. She summarized that the Employment Security Division had requested new workforce service representatives to address projected increases in workload for

the Nevada JobConnect system for the upcoming biennium. Those positions would provide assistance to workers in obtaining reemployment services, short-term training to enhance job skills, and increased earnings potential. Ms. Jones said that of the 51 full-time positions funded by the program, 40 were dedicated to providing employment training services in the Nevada JobConnect offices. She said that in 2003 the Career Enhancement Program (CEP) served 8,023 individuals, averaging 200 individuals seen by each representative. In 2004 the number of job seekers served by the program increased to 10,227 or 256 per individual representative. Ms. Jones said that with the addition of 10 FTE positions, during the upcoming biennium the Division was projected to serve approximately 1,300 more individuals in 2006 and 2,500 more individuals in 2007.

Ms. Jones said that even though the state's unemployment rate was low the demand for employment and training services continued to increase with the growth in the labor force and the churn in the workforce as well. She said the program not only served unemployed individuals who received benefits through the unemployment insurance program, but all workers seeking reemployment and training assistance in order to obtain employment or improve their skills and increase their earnings potential.

Senator Beers said that 40 of the 51 positions were dedicated to providing employment and training services and he wondered what the other 11 positions did. Ms. Jones replied that the other 11 positions provided support in automated systems of the agency within the support services group, set policies, and conducted training.

Senator Beers asked if the Department was anticipating the workload to increase 20 percent, which would require a 20 percent increase in staff. Ms. Jones said that was correct.

Senator Beers asked if it was employment or unemployment that drove the need for more staffing. Ms. Jones responded that it was both and projections of labor growth exceeded expectations. She said labor growth had been 5.9 percent last year as opposed to the projection of 4.6 percent. She said that was an addition of over 80,000 new jobs in the state and the Division provided services not only to those receiving unemployment insurance but any worker who came in and requested assistance.

Senator Beers said that although there was an increase in the number of clients served it appeared to staff that the number of clients entering employment was expected to decrease by 9,312, which was the FY2004 actual, 8,925 in FY2006 and FY2007. Senator Beers said that seemed counter-intuitive if the primary goal was to expedite the return to gainful employment for unemployed job seekers.

Ms. Baker said the numbers shown on page ESD-12 of The Executive Budget were based on the base budget and as Ms. Jones had indicated, the Department was projecting an increase in the number served of 1,300 in FY2006 and 2,500 in FY2007, if Decision Unit E-250 was approved. Ms. Baker said the "entered employment" numbers should be corrected but they would provide that information to the Subcommittee's staff to correspond with the additional clients that the Division expected to serve.

Senator Beers asked what the Career Enhancement Program (CEP) did in the realm of enhancing skills for the employed. Ms. Jones said that the ability to

provide services to incumbent workers was granted in the prior session of the Legislature and the CEP was in the process of developing a Request for Proposal to be issued to service providers to provide incumbent worker training. She said the service providers could be community colleges or other training organizations or employers who wished to provide training to their current workforce.

Senator Beers asked if employers were already providing training to the workers. Ms. Jones said employers were already providing training but the CEP would be able to provide funding in support of expanding the training efforts.

Senator Beers asked if the funding would come from the General Fund. Ms. Jones replied that none of the funding would come from the General Fund. She said the CEP was funded by a .05 percent tax on wages paid by Nevada employers.

Senator Beers commented that "we were building up a reserve and had to figure out how to spend it instead of reduce the assessment." Ms. Baker said she would respond since she had been the administrator of the Division when the legislation was passed. Ms. Baker said the Division had worked with the Commission on Economic Development as well as the local Workforce Investment Board partners. She said they saw it as an opportunity for additional incentives as they either attempted to retain companies in the state or as they brought new companies to the state. Ms. Baker said the CEP did serve as an additional resource for economic development.

Senator Beers said "come to Nevada and we will give you a free Excel class for your employees." Ms. Baker commented that recently there was a company in northern Nevada considering relocating to California and since the company needed to retrain its employees from mechanical work to computerized work the retraining was very extensive and the CEP funds were used to provide one of the resources.

Senator Beers said it sounded like it had been very specific training and Ms. Baker said that it had been, in that case. She said that was generally how it was as the point of the program was to retrain a company's staff in order for the company to remain in the state of Nevada.

#### **DETR, EMPLOYMENT SECURITY – SPECIAL FUND (235-4771) – ESD-20**

Ms. Jones said the Employment Security Special Fund was impacted by the budget revisions that had been discussed by the Director. She said the Department was requesting the elimination of approximately \$1.4 million that had been requested in Decision Unit E-275 found on page ESD-22, which would have provided funding for the completion of Phase 2 of the rewrite of the unemployment insurance contributions legacy system. The Division had decided to suspend the balance of Phase 2 after the deployment of the Internet employer registration and wage and reporting modules on July 1, 2005. The new core accounting system was originally planned to be developed in-house, however, a current assessment of the Department's information technology and business resources indicated DETR did not have the expertise to write a comprehensive accounting system. Ms. Jones said that during the upcoming biennium the Division would explore options, including a review of unemployment insurance contribution systems deployed in other states. Any proposed enhancements resulting from that analysis would be submitted to the 2007 Legislature.



Ms. Jones said that Decision Unit E-260, an adjustment to E-710, on page ESD-23, was requested to fund the \$1.1 million of equipment remaining in Budget Account 205-4770 as part of the Department's budget realignment strategy.

Ms. Jones said that information had been requested relating to the Appeals Replacement and Enhanced Adjudication System (AREAS) project. Ms. Jones said a copy of the amended project plan and technology improvement request had been provided to the Subcommittee's staff. The Division received approval from the Interim Finance Committee in June 2004 to expend approximately \$365,000 for the costs associated with the study phase of the project. In September 2004 the Division received a grant of nearly \$100,000 to address security concerns related to the project. In October 2004 the Division received approval from the Department of Information Technology to reduce the scope of the project to address only stability concerns and provide for minor enhancements. Ms. Jones said that programming on the revised project would begin in July 2005, and, as a result, work completed during the upcoming biennium would be completed with funds approved in 2004. Therefore, no additional funding for the project had been included in the Division's budgets for the upcoming biennium. Ms. Jones said the Division would request any major enhancements of the system in the next biennium.

Ms. Jones said additional detail had been requested related to Decision Unit E-256 on page ESD-22 related to furnishing the Department's new building in Las Vegas. The Department provided the additional detail as requested for the \$800,000 in the recommended modular office equipment. She said that when the agency request budget was submitted in August 2004, the Capital Improvement Program (CIP) was in the design development phase. Ms. Jones said the office equipment requested in Category 5 was based upon a general office design concept. The building design was finalized in December 2004 and equipment costs had been refined to meet agency and project needs. Ms. Jones said that, based upon recommendations from the architects regarding flexible design concepts required to address the ergonomic needs of the call center environment and future program expansion, the Division requested an increase of approximately \$810,000 to a little over \$1.3 million in equipment. The equipment requested included modular workstations, office break room, conference room and training room furniture, movable wall panels, and interior window blinds.

Senator Beers asked if the \$847,000 over the 2005-2007 biennium for regular building maintenance included roof replacement and painting and repair of the wood exterior of the Incline Village office which was to be sold. Ms. Baker responded that the roof replacement and painting and repair were included in the budgeted amount. She said the Department was attempting to sell the building and was awaiting an appraisal. Ms. Baker said the funding could be deleted from the budget and hopefully the building would be sold in the next six months.

Senator Beers asked if an amendment would be submitted on Enhancement Unit E-256. Mr. Ramirez answered that the remodel of the Incline Village office was in Enhancement Unit E-730.

Ms. Baker said she had received good news in the days prior to the meeting. She said originally the construction bid had come in over budget due to inflation on the costs of steel and concrete but the Department had successfully

negotiated with the contractor and had been able to get the building back within budget and hoped to have it completed on time in April 2006.

There being no further business, Senator Beers adjourned the meeting at 10:12 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Lila Clark  
Committee Attaché

APPROVED BY:

\_\_\_\_\_  
Assemblywoman Kathy McClain, Chairwoman

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

\_\_\_\_\_  
Senator Bob Beers, Chairman

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

<u>EXHIBITS</u>			
<b>Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on General Government</u></b>			
<b>Date: <u>March 17, 2005</u></b>		<b>Time of Meeting: <u>7:30 a.m.</u></b>	
<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B	Rick Gimlin	Comparison of FTE allocation to Gov. Rec.
	C	Birgit Baker	Architectural renderings of Las Vegas building
	D	Birgit Baker	22 page exhibit of budget information