

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
February 16, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:00 a.m. on Wednesday, February 16, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Tracy Raxter, Program Analyst
Anne Vorderbruggen, Committee Secretary

OTHERS PRESENT:

John P. Comeaux, Director, Budget Division, Department of Administration
Birgit K. Baker, Director, Department of Employment, Training and Rehabilitation
David Stewart, Information Technology Manager, Information Development and Processing Division, Department of Employment, Training and Rehabilitation
Martin A. Ramirez, Chief Financial Officer, Department of Employment, Training and Rehabilitation
Robert A. Murdock, Chief, Research and Analysis Bureau, Information Development and Processing Division, Department of Employment, Training and Rehabilitation
Lynda Parven, Administrator, Nevada Equal Rights Commission, Department of Employment, Training and Rehabilitation
Michael T. Coleman, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation
Kraig Schutte, Chief, Bureau of Disability Adjudication, Rehabilitation Division, Department of Employment, Training and Rehabilitation
Gayle Sherman, Chief, Bureau of Services to the Blind and Visually Impaired, Rehabilitation Division, Department of Employment, Training and Rehabilitation
Cecilia Colling, Chief, Bureau of Vocational Rehabilitation, Rehabilitation Division, Department of Employment, Training and Rehabilitation
Cynthia A. Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation

CHAIR RAGGIO:

Mr. John P. Comeaux, Director of the Budget Division, will describe the *Executive Budget* amendments included in the memorandum from his Department dated February 14, 2005 ([Exhibit C](#)).

JOHN P. COMEAUX (Director, Budget Division, Department of Administration):

There are two amendments to the *Executive Budget* recommended in [Exhibit C](#). The first amendment has to do with the adjustment for inflation for utilities in the Distributive School Account (DSA). When we put that budget together, we failed to make that adjustment. Our calculations indicate an addition of \$2.4 million in the first year of the biennium and almost \$4.5 million in the second year. This would provide for increases of 4 percent each year for electricity and 8 percent each year for natural gas. The Fiscal Analysis Division of the Legislative Counsel Bureau has calculated that the increases would be \$2.7 million in the first year of the biennium and \$5.6 million in the second year. We will try to resolve that difference today, and we will make a change to the recommended amendment if necessary.

The second adjustment is our reconsideration and recommendation to add six positions to the Veterans' Services budget. The General Fund cost of that is \$206,000 in the first year of the biennium and \$271,000 in the second year. It would add two cemetery workers, two clerical staff and two veterans' services officers.

CHAIR RAGGIO:

Does this include all of the fringe collateral issues that go along with the six positions?

MR. COMEAUX:

Yes, it does.

CHAIR RAGGIO:

There were indications in a number of the budgets we are looking at today in DETR that inflationary increases for utility costs had also not been included. Are you looking at those issues?

MR. COMEAUX:

That is correct and I have the raw information on that. I do not have the package put together yet to submit to the Committee. The General Fund impact of that is slight. It would be approximately \$15,000.

CHAIR RAGGIO:

Does this same issue appear in other budgets as well as DETR?

MR. COMEAUX:

I think we may have missed it in the Department of Transportation, but we are reviewing it at this point.

CHAIR RAGGIO:

Will you give us some final adjustment figure on the utilities after you get together and resolve that issue?

MR. COMEAUX:

We will try to come to agreement on that today.

CHAIR RAGGIO:

We will now begin the budget hearing on the Department of Employment, Training and Rehabilitation (DETR).

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

DETR, Administration – Budget Page DETR-1 (Volume II)
Budget Account No. 101-3272

BIRGIT K. BAKER (Director, Department of Employment, Training and Rehabilitation):

I would like to give a brief overview of the Department and some of its activities to set the stage for the rest of the budgets.

The Department was created by the 1993 Legislative Session, effective October 1, 1993. The Department is comprised of four divisions: Employment Security Division, Rehabilitation Division, Information Development and Processing Division, and the Nevada Equal Rights Commission.

The mission of DETR is to connect Nevada's businesses with a qualified workforce and ensure equal employment opportunities. The DETR is also the lead state agency designated by the Governor to administer the Workforce Investment Act in Nevada which includes serving as staff to the Governor's Workforce Investment Board. The Workforce Investment Board has responsibility for the Nevada JobConnect system. I handed out a map entitled "Nevada's Workforce Investment System" ([Exhibit D](#)) that shows all the Nevada JobConnect offices we currently have throughout the state.

The JobConnect system was created in response to the Workforce Investment Act (WIA) of 1998. The goal of the WIA is to integrate public employment programs into a one-stop service delivery system intended to realign and maximize resources for improved services to businesses and job seekers. Funding is passed to local workforce boards that have responsibility for establishing the one-stop offices in their respective communities. Nevada has two local boards. Nevada Works is the northern board responsible for the 13 counties in northern Nevada. The southern Nevada Workforce Investment Board covers Clark, Lincoln, Nye and Esmeralda counties. The programs and services administered by the divisions of DETR serve as the key partners in the Nevada JobConnect system. Through this partnership, Nevada Works has successfully established two full-service JobConnect offices located in Reno and Sparks. Five affiliate offices are located in Carson City, Elko, Ely, Fallon and Winnemucca. The southern board oversees three comprehensive one-stop employment and training centers in Las Vegas, North Las Vegas, and Henderson. A fourth center will soon open in Pahrump. While DETR employees currently manage a majority of these offices, the shift in responsibility for full-time management of these offices from DETR to the local boards is expected to continue during the 2005-2007 biennium.

CHAIR RAGGIO:

We received a letter from you on February 8 with materials from JobConnect which were well done.

M-800 Cost Allocation – Page DETR-19
E-800 Cost Allocation – Page DETR-19
M-525 Americans with Disabilities Act – Page DETR 3
E-255 Working Environment and Wage – Page DETR-5
E-256 Working Environment and Wage – Page REHAB-4
E-811 Unclassified Changes – Page DETR-7

MS. BAKER:

I would like to review the decision units that are common to DETR's budgets. Decision units M-800 and E-800 contain the Department's cost allocation. The cost allocation is based on a plan that has been reviewed and approved by the federal Office of Cost Determination.

Decision unit M-525 provides authority for accommodation with the Americans with Disabilities Act (ADA). These requests support purchases of equipment and other items for reasonable accommodation of the needs of DETR employees in the workplace. Decision unit E-255 provides authority for janitorial, security, and utility costs for staff moving into the new DETR administrative building in Las Vegas which is scheduled for occupancy in April 2006.

Decision unit E-256 provides authority for the cost of moving staff from the Belrose Street office to the Nevada JobConnect offices. This is in support of the southern board's intent to establish three new JobConnect centers in southern Nevada during the upcoming biennium. It is the Department's intent to relocate staff from the Belrose Street office into these full-service centers to improve access to rehabilitation services.

Decision unit E-811 provides authority that supports the Governor's proposed unclassified pay structure. There are 23 positions within DETR included in the Governor's proposal. Since 1999, the Department's budgets have included \$150 for each full-time equivalent (FTE) for miscellaneous equipment and \$110 for each FTE for training. The Department has 15 budget accounts in the *Executive Budget* for a total operating budget of approximately \$133 million for each fiscal year. The majority of the Department's funding comes from federal grants with approximately 4 percent, or \$5.2 million, from the General Fund. The General Fund portion provides match for several of the grants. The DETR has 841.5 FTE permanent positions and approximately 30 FTE intermittent positions.

DETR, Administration – Budget Page DETR-1 (Volume II)
Budget Account 101-3272

MS. BAKER:

Budget account (B/A) 101-3272, Administration, includes 54.5 FTE positions that provide centralized services in support of the four divisions. No new programs are proposed in this account for the upcoming biennium. However, the Department's new Las Vegas office building, which was approved by the 2001 Legislative Session and amended during the 2003 Legislative Session, is projected to be completed in April 2006. The 62,000 square foot facility will house the Unemployment Insurance Operations in southern Nevada as well as the director's office and the administrative offices of the Rehabilitation and Employment Security Divisions.

The Department is proposing two new performance indicators for this biennium. Indicator number 1 will measure the percentage of employees who are satisfied with the support services provided through this budget account based on an annual survey. The second new indicator, indicator number 3, will measure the percentage increase in businesses utilizing the Department's employment services.

CHAIR RAGGIO:

Indicator number 2 shows the percentage of businesses that were satisfied with the Department's employment services, but what is the number of businesses that were satisfied?

Ms. BAKER:

At least 1,400 businesses completed the survey.

For the new indicator, indicator number 1, we would survey all the Department's 841 employees. Based on the response rate, we would estimate the percent satisfied.

The 82-percent number that is in the *Executive Budget* for indicator number 2, the percent of businesses satisfied with Department employment services, was taken from an index. When we convert that index to a percentage, it is actually 97.6 percent of businesses that were satisfied.

CHAIR RAGGIO:

Do you follow up on businesses not satisfied?

Ms. BAKER:

When businesses provide comments with their survey response, we certainly use those for continuous improvement.

The last indicator is percent of time the Department and its Divisions met or exceeded their performance indicators. For fiscal year (FY) 2004 there were a total of 40 performance indicators included in the Department's agency request. Of those, 17 met or exceeded their performance indicators which represents the 43 percent outcome published in the budget. Of the 23 indicators that did not meet projections, 17 were for the Rehabilitation Division. The primary reasons for less than expected outcomes for this Division are related to high vacancy rates for rehabilitation counselors and significant increases in disability applications in the Bureau of Disability Adjudication.

CHAIR RAGGIO:

Do you expect to fill those positions?

Ms. BAKER:

Mr. Michael Coleman, Administrator of the Rehabilitation Division, will include in his presentation a corrective action plan, part of which has already been implemented.

CHAIR RAGGIO:

One of the main issues we are looking at is the new maintenance repair worker. You have not recommended a reduction in maintenance contract services in the new building even though you are adding a maintenance repair worker.

MS. BAKER:

The agencies that will be going into the Department's new building are currently in leased facilities. We have one maintenance worker in Las Vegas who supports all of our leased facilities there. Because our new building is 62,000 square feet, we estimate we will need a second maintenance worker to maintain that facility.

CHAIR RAGGIO:

Maybe you do not need that position. Please check this and have staff look at the need for the position.

MS. BAKER:

We will take a look at it.

CHAIR RAGGIO:

The other issue is decision unit E-811, the reclassification of the executive assistant in your public information office. Is this part of the Executive Branch study?

MS. BAKER:

Yes, it is. The *Executive Budget* includes one executive assistant and one public information officer for DETR.

CHAIR RAGGIO:

Are those justified?

MS. BAKER:

The Governor's pay bill is intended to promote accountability and recognize leadership. The salaries included in the budget for positions such as the deputy director, administrator and deputy administrator are commensurate with recognizing leadership. One problem with the executive assistant and public information officer is the salary is almost the same as the classified salary. The incentive is not as great in that area. I notified the affected employees in my Department and currently, with the exception of the physicians who are in the Bureau of Disability Adjudication, everyone is comfortable with the proposal.

E-710 Replacement Equipment – Page DETR-5

E-720 New Equipment – Page DETR-6

CHAIR RAGGIO:

Are the amounts in decision units E-710 and E-720 for new and replacement equipment on schedules of some kind?

MS. BAKER:

The Department has a three-year replacement schedule for computers for high-end users such as financial management and computer programmers and a five-year replacement schedule for all others.

MS. BAKER:

I would like to ask Mr. David Stewart, the Department's Information Technology Manager, to present the next budget.

DETR, Information Development and Processing – Budget Page DETR-9
(Volume II)
Budget Account 101-3274

CHAIR RAGGIO:

Are you projecting 57 FTEs in this budget?

DAVID STEWART (Information Technology Manager, Information Development and Processing Division, Department of Employment, Training and Rehabilitation):

Budget account 101-3274 funds the Information Technology unit for DETR. This unit supports the agency. The Information Technology unit consists of 57 positions that provide applications development, systems and database administration, network engineering, desktop support, computer operations, information technology (IT) project management and quality assurance for the agency. In the past two years, DETR IT has employed or enhanced several systems. Most notable is that America's One-Stop Operating System has been enhanced to better serve the needs of the Nevada JobConnect system. This was done by improving management utilities for federal and administrative reporting, interfacing with the federal wage reporting system and making the self-service modules compliant with the Rehabilitation Act of 1973.

To satisfy federal requirements for unemployment insurance data validation, DETR has developed a comprehensive data warehouse to help preserve the integrity of unemployment insurance personal identity information. The DETR has developed a cross-match interface with the Department of Motor Vehicles (DMV). A new rehabilitation case management system has been implemented. This case management system accurately tracks funds, interfaces with the state integrated financial system and produces mandatory federal reports. The Division is either working on or planning for in this biennium, migrating the local Workforce Investment Board to America's One-Stop Operating System. That is targeted to be complete by July 2005. We are expanding the unemployment insurance data validation warehouse to include 5.2 million wage records annually, piloting the online employer registration system and performance testing the self-service employer tax and wage reporting system. Both of these Internet modules are expected to be fully deployed by July 1, 2005.

Performance indicators for this budget account were intended to measure the usage and reliability of the services provided by IT and the customer satisfaction ratings associated with those services. The method used in FY 2004 was not adequate. Customers were surveyed only once a month to report on one or more service calls for that month. We believe this is the primary reason the indicator was not met. As a result, DETR is implementing a new survey methodology that will survey customers as soon as service requests have been completed. This is expected to increase the response rate and achieve a more consistent and accurate result.

The IT unit is requesting no new programs during the next biennium.

E-275 Maximize Internet and Technology – Page DETR-13

Funding has been requested for the addition of one server and two additional Oracle database licenses. The additional server is to provide redundancy for the unemployment insurance data validation warehouse; provide the capacity to

process the addition of 5.2 million wage records annually in the data warehouse; reduce the number of databases supported on the current test server by providing a secondary test server; provide testing environments that mirror production for application development efforts; and serve as a backup platform for DETR's other Oracle-based applications in emergency situations.

Funding has been requested in the amount of \$123,795 for FY 2006 for one server and two additional Oracle database licenses. Funding in the amount of \$14,520 is requested in FY 2007 for the associated recurring licensing and maintenance costs.

CHAIR RAGGIO:

I am going to defer to Senator Beers and others on the Committee who have more knowledge of this subject. The issue is whether the current test server could be modified instead of purchasing an additional server.

SENATOR BEERS:

The information our staff has is that your two platforms have disparate software. Is there a way to upgrade the one that is not up to date rather than get a new one?

MR. STEWART:

The answer is yes, with a caveat. The caveat is that upgrade equipment would have to be ordered before May 6. After that date, the equipment will no longer be available for these models.

SENATOR BEERS:

If we went through the standard budget process in July, would you be getting a machine that would be yet a different version from what you are using now for production? Do you have two pieces of hardware that are now more or less identical?

MR. STEWART:

In our current configuration, we have four identical servers. They are all SUN 4500s in our database management area. They are for production, development, testing and data warehousing. The test machine is serving as a test server for all of our applications plus the data warehouse. When the test machine gets that extra load, there are problems.

SENATOR BEERS:

Our understanding is that you have different versions of database software on the test server and your production server. That has caused some problems you were not able to find on the test server, but you did find in production which is where you do not want to find them.

MR. STEWART:

That is correct. Due to some limitations on that server, we do not have identical test and production systems. In the past, we have had software that worked in the test environment, but when it got to the production area, we had issues with it.

SENATOR BEERS:

The goal we have been presented is to get a test platform that is identical to your production platform. Is that what we will accomplish with this decision unit?

MR. STEWART:

Yes, this will give us another server with more horsepower that will allow us to provide that type of an environment.

SENATOR BEERS:

Is this new server going to be identical to your current production server?

MR. STEWART:

No, it will be faster.

SENATOR BEERS:

Will it be better than your current production server?

MR. STEWART:

Yes. The current production server is also on our replacement schedule.

CHAIR RAGGIO:

All of these budgets are going to the General Government Subcommittee and Senator Beers is the Chair of that subcommittee.

SENATOR BEERS:

We will get more into that in the subcommittee. The other question we had on technology was the fee to the state of New York for the One-Stop Operating System.

E-720 New Equipment – Page DETR-14

MR. STEWART:

It is a subscription fee to the consortium. The consortium is made up of seven different states. Each state contributes \$300,000 for the subscription fee for this application.

SENATOR BEERS:

Will Nevada pay the same amount as a big state like California?

MR. STEWART:

California is not a member, but New York is. Yes.

SENATOR BEERS:

Staff has a concern in that they have found the same expense in B/A 205-4770's Base Budget for FY 2004 and this line item would be a duplicate.

CHAIR RAGGIO:

That is the Employment Security Division (ESD) Account.

MARTIN A. RAMIREZ (Chief Financial Officer, Department of Employment, Training and Rehabilitation):

We paid this cost from ESD's B/A 205-4770 Base Budget in category 11 in FY 2004. However, when we resubmitted the cost for this program, we restored the category to the value of the grant we expected to receive. Category 11 is the WIA grant Nevada receives, with the majority of it being passed to the two local Workforce Investment Boards. Since we have planned for the One-Stop Operating System license fee to New York to be paid out of DETR's B/A 101-3274, the dollars that are in ESD's B/A 205-4770 will not be a duplicate of this particular issue.

SENATOR BEERS:

It is not in your expenses, just in your revenue?

MR. RAMIREZ:

Yes, it is just in the revenue.

MS. BAKER:

The money is passed through primarily to the local boards. What Mr. Ramirez is saying is that we will use WIA funds to pay for this \$300,000 in B/A 101-3274 and then pass through the remainder of the funds to the boards. The \$300,000 just becomes pass-through funds as opposed to being expensed. The expense for this subscription agreement will be paid out of B/A 101-3274 only which is where it should be paid.

SENATOR CEGAVSKE:

Is the training in your expenditures for Information Systems training?

MR. STEWART:

That is for the staff.

SENATOR CEGAVSKE:

Is that done in house or do you contract out the training?

MR. STEWART:

I have some statistics I can provide your staff on the training. We provided about 252 training opportunities for our staff last year. That includes in-house and external training.

SENATOR CEGAVSKE:

I would appreciate receiving that information.

SENATOR BEERS:

Would you put together a packet of information for the subcommittee with more detail on the training and the servers you are looking at and what you need to make it all work?

MR. STEWART:

Do you also want maintenance fees and things like that?

SENATOR BEERS:

More information is better than less.

E-710 Replacement Equipment – Page DETR-13

CHAIR RAGGIO:

When you get to the subcommittee, you should provide an analysis to justify the new equipment in decision unit E-710. You have 57 FTEs and you are going to be replacing 57 personal computers (PCs) and 15 laptop computers. That is a lot of computers.

MR. STEWART:

Yes it is, and we will provide that.

SENATOR BEERS:

When you change performance indicators, please let us see the old ones until the new ones are established. The old performance indicators can be dropped as data develops on the new performance indicators.

MS. BAKER:

I believe our agency request budget book did reflect both the old and the new performance indicators.

SENATOR BEERS:

Will you bring your old performance indicators to the subcommittee?

MS. BAKER:

Yes, we will.

DETR, Research & Analysis – Budget Page DETR-16 (Volume II)
Budget Account 101-3273

ROBERT A. MURDOCK (Chief, Research and Analysis Bureau, Information Development and Processing Division, Department of Employment, Training and Rehabilitation):

The Research and Analysis Bureau reports directly to the Director's office. The Bureau has 29 FTEs consisting of 17 economists, 8 paraprofessional support staff and 4 clerical staff. We receive the majority of our funding from the federal government. We work closely with the U.S. Department of Labor, the Bureau of Labor Statistics and the Employment and Training Administration.

The Bureau is the provider of workforce information in the state. We provide information on labor force, employment, unemployment, industrial employment, number of jobs, occupational staffing pattern, industry occupation demands, skill needs of employers, wages, the Nevada Career Information System and workforce demographics. Our information delivery is primarily through the Internet. We have two major systems on the Internet: the Nevada Workforce Informer and the Nevada Career Information System. During this past year we had 12.2 million hits, with 254,000 individual visits. We have also provided one-on-one contact and are readily available by phone and e-mail. We also have print media.

CHAIR RAGGIO:

You had 12 million hits on your Web site?

MR. MURDOCK:

Yes, we did. Our publications are available in PDF format for immediate reproduction online. This minimizes our production cost. We are customer oriented. We provide localized hands-on training to our customers throughout the state to make them aware of how to effectively use the information and how to use our sites on the Internet.

Our first three performance indicators are new. We are working with 40 chambers of commerce and 15 economic development agencies on the type of information they need and how we provide that information. We are also looking at public and private research entities. We have 380 career resource sites throughout the state with outlets at each of them that look at how to use the Nevada Career Information System and whether or not they find it effective.

Performance indicator number 4 is the Internet access growth rate. There was a 193 percent increase in FY 2004. That was mainly because of a new system called the Nevada Workforce Informer we set up from an older system and the marketing efforts we undertook to try to make this become more available through the JobConnect office and through our customers.

M-550 Mandates – Page DETR-18

In decision unit M-550, we are asking for two intermittent employees to continue the customer satisfaction work.

E-710 Replacement Equipment – Page DETR-19

Decision unit 710 is for the replacement of nine PCs and two laptops for each year of the biennium.

SENATOR RHOADS:

How closely do you work with the mining industry?

MR. MURDOCK:

One of our economists works with the mining industry in the rural areas. We call the various mining operations and get information from them. We also survey around the state using the Occupational Employment Statistics survey where we measure the number of people working and the types of jobs. That is how we get the staffing patterns from the mines and how we can project the needs of the miners. The mining industry tends to move where the work is, whether it is in Nevada or another state. We track and work with them as much as we can.

DETR, Equal Rights Commission – Budget Page DETR-22 (Volume II) Budget Account 101-2580.

LYNDA PARVEN (Administrator, Nevada Equal Rights Commission, Department of Employment, Training and Rehabilitation):

The Nevada Equal Rights Commission is responsible for processing complaints of discrimination in employment and public accommodation when based on race, color, national origin, religion, gender, age, disability or sexual orientation.

Our first performance indicator deals with the percentage of cases that are perfected within 15 working days. The term “perfected” means the period of

time from the date a complaint is received in our office until it is processed and prepared by the staff and signed and sworn to by the complainant. Our goal was that 77 percent of the cases would be done within 15 working days and we achieved a rate of 80 percent.

The second performance indicator is the percentage of cases open 270 calendar days or less. This was proposed in conjunction with S.B. No. 450 of the 72nd Legislative Session which allowed the Commission to utilize priority chart-handling procedures consistent with the U.S. Equal Employment Opportunity Commission (EEOC). We had projected that 65 percent of the cases would be less than 271 days old. We achieved a rate of 58 percent. However, as of December 31, 2004, we had achieved a rate of 79 percent.

Performance indicator number 3 is the percentage of intake inquiries received via the Internet. We proposed that 10 percent of our intakes would be received via the Internet, and we achieved a rating of 30 percent.

Our fourth performance indicator is new. It will be the percentage of cases resolved at mediation in conjunction with the federal EEOC. We will be focusing some of our attention on alternative dispute methods to get cases resolved more efficiently and quickly.

SENATOR BEERS:

How is performance indicator number 3 doing so far this year?

MS. PARVEN:

It has been 30 percent almost every month.

SENATOR BEERS:

You will probably exceed that performance in FY 2006 and FY 2007. Maybe we should increase them.

MS. PARVEN:

I agree. We did not have the actuals for 2004 when we made the projections.

SENATOR BEERS:

Is there anything we can do to increase that? Are you proactively marketing this on the Web or is it just on the state Web site and people find it?

MS. PARVEN:

We are marketing it, and when people call, we do not immediately offer to mail things to them. If they have Internet access, we ask them to go to the Web site. Our Information Development and Processing Division is working on this to create a more seamless process. The forms are currently e-mailed as an attachment.

SENATOR BEERS:

I understand the improvements will make a difference to your staff, but not to the end user.

MS. PARVEN:

That is correct.

The Equal Rights Commission's Base Budget includes 22.51 FTE positions.

E-250 Working Environment and Wage – Page DETR-25

Decision unit E-250 is proposed to increase the out-of-state travel to the value that is funded by the federal EEOC and provide travel for the administrative staff to attend budget hearings in the second biennium.

E-325 Services at Level Closest to People – Page DETR-26

Decision unit E-325 is proposed in conjunction with a bill draft request (BDR) which will allow us to process complaints of discrimination in housing. Because of the efficiencies we have developed with employment discrimination cases, due to changes made by the 2003 Legislative Session, we have the opportunity to provide additional services to the citizens of Nevada. We would like to enter into a contract with the U.S. Department of Housing and Urban Development (HUD) which will be 100 percent federally funded with no General Fund match required.

CHAIR RAGGIO:

Are you going to be assuming the housing discrimination complaints from HUD?

MS. PARVEN:

Yes we are. We are working with HUD almost every day in an attempt to get the correct wording for our BDR.

CHAIR RAGGIO:

Is the addition of \$86,000 in 2006 and \$115,000 in 2007 from HUD? Are you going to accept and process the complaints presently being undertaken by HUD?

MS. PARVEN:

That is correct.

CHAIR RAGGIO:

How do you do this without additional staff?

MS. PARVEN:

When Priority Charge Handling Procedures were passed in the last Legislative Session, it allowed us to change the way we process cases and the method by which we take in cases.

CHAIR RAGGIO:

By prioritization, do you take what you consider to be the more meritorious complaints and work those first?

MS. PARVEN:

That is correct.

CHAIR RAGGIO:

What happens to the backlog when you do that?

MS. PARVEN:

We have been successful in eliminating our backlog.

SENATOR BEERS:

The backlog would actually make a fine performance indicator.

MS. PARVEN:

That is what we intended to reflect in the cases that are open 270 days or less. Our average case processing time is currently less than five months.

SENATOR BEERS:

Average case processing time would be another fine performance indicator.

CHAIR RAGGIO:

Do we have to have some change in our statute to accommodate this?

MS. PARVEN:

The BDR would change the statute to make it equivalent to the federal fair housing laws.

CHAIR RAGGIO:

How would the statute be changed?

MS. PARVEN:

There are extensive changes to both chapter 118 and chapter 233 of *Nevada Revised Statutes* (NRS). One of the major changes is that familial status is not currently included in our statute and it must be for the federal Fair Housing Act. There are many changes to ADA issues in housing and service animals.

CHAIR RAGGIO:

Is this going to be a contentious bill? Where does the bill go?

MS. PARVEN:

I do not think it will be contentious. The bill has not yet been assigned, but it will probably go to the Senate Committee on Government Affairs.

CHAIR RAGGIO:

Please give us a breakdown on the bill so we know what the draft is.

MS. PARVEN:

Yes, I will do that.

E-805 Classified Position Reclassifications – Page DETR-27

Decision unit E-805 reclassifies 15 positions in the Commission. We are working with the Department of Personnel on this request.

CHAIR RAGGIO:

Staff has identified a discrepancy in the funding from the EEOC. You have a contract with EEOC to provide intake services for a specific number of discrimination complaints at a fee of \$50 per intake and to resolve a specific number of complaints at \$500 per case closure. Is that the correct fee?

MS. PARVEN:

That is correct.

CHAIR RAGGIO:

The budget indicates you are projecting the federal contract at 204 intakes and 1,192 case closures in FY 2006, and 219 intakes and 1,200 case closures in FY 2007. The total revenue is approximately \$607,700 in FY 2006 and approximately \$612,450 in FY 2007. The numbers are not that far apart, but could you explain the difference between the revenue from projected caseloads and the revenue reflected in the *Executive Budget*?

MR. RAMIREZ:

We received a contract modification for the current fiscal year which would provide reimbursement for up to 1,876 cases. As Ms. Parven has indicated, her backlog has reduced to the point where we estimate we will not have that many cases to process. We went ahead and made the budget whole with the EEOC revenue we could receive if the workload materializes. If it does not materialize, one or more positions would be kept vacant to keep the revenue and the workload in sync.

CHAIR RAGGIO:

When this goes to the subcommittee, be prepared to justify the reclassification of the compliance investigators and the comparisons that were made to get to those augmentations.

MR. RAMIREZ:

Yes, we will provide more detail.

SENATOR CEGAVSKE:

We had heard several bills that Senator Titus' interim Legislative Committee on Persons with Disabilities had heard. One of them pertained to service animals. Is there an issue with that bill regarding service animals and the rights of landlords? Are you including that in your bill, or has it been taken care of in the legislation we provided last week?

MS. PARVEN:

Senate Bill (S.B.) 36 is the one you are referring to from Monday afternoon. The way it was written, the proposed amendments to NRS 118 could potentially cause problems with the HUD contract. Our BDR addresses all except one area that was covered in S.B. 36. That one area is the part that could be problematic. It is my understanding we are submitting an amendment request for S.B. 36.

SENATE BILL 36: Makes various changes concerning animals trained to assist or accommodate persons with disabilities. (BDR 38-694)

SENATOR CEGAVSKE:

Was there a reason why no one was at our meeting? I do not remember anyone testifying.

MS. PARVEN:

Mr. Terry Johnson, Deputy Director, testified at the meeting.

SENATOR CEGAVSKE:

Did you testify on that issue? It is my understanding we passed every one of the bills out and I do not remember that being amended. I will check on it because that is something we should look at before we go any further.

MS. BAKER:

We also submitted a fiscal note which indicates if there is a potential problem with the bill, the HUD revenue could be lost. There is a fiscal note that corresponds to this issue. I believe there is a viable solution. I think Mr. Johnson discussed that.

SENATOR CEGAVSKE:

Could we get that immediately so we can look at it.

SENATOR COFFIN:

In past budgets, the performance indicator showed the number of people waiting. What is the total count of cases and the aging? Do you have that information handy?

MS. PARVEN:

As of December 31, 2004, there were 499 cases. As of last Friday, there were 475 cases. There are only three cases from 2003 that remain open. The rest are all in 2004.

SENATOR COFFIN:

I saw a large percentage of cases over 270 calendar days, or nine months.

MS. PARVEN:

That is our performance indicator number 2. As of December 31, 2003, 79 percent were less than 271 days. There were 21 percent that were over 270 days. The words "or less" are missing from the description.

DETR, Rehabilitation Administration – Budget Page REHAB-1 (Volume II)
Budget Account 101-3268.

MICHAEL T. COLEMAN (Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation):

I would like to give a brief overview and then move into the budget accounts. The Division consists of three bureaus: Vocational Rehabilitation, Services to the Blind and Visually Impaired, which includes the blind enterprise program, and Disability Adjudication. In recent years there have been challenges in this Division, as you are aware. When we look at the performance indicators for 2004, we come up short. However, I hope you will see in our presentation today that we take these performance indicators very seriously. We are putting together many action plans that address these issues. As we look at the Division and what we do, our main focus is to help people with disabilities find jobs. The focus of the Bureau of Disability Adjudication is to process the claims on a timely basis for people who are unable to work.

The Division is funded primarily with federal dollars from the U.S. Department of Education. There are also state matching funds. The Social Security Administration funds Disability Adjudication. We have 230 employees in our Division. We serve over 6,000 Nevadans in Vocational Rehabilitation and Services to the Blind. Approximately 25,000 applications are processed for Social Security Disability. We have total resources of \$35 million.

We believe the JobConnect system is vital in Nevada and we work closely with the staff of the JobConnect systems to help people find employment. Ms. Baker

referred to our plans for expansion in the Las Vegas area to address the booming population there. We have also worked with the new JobConnect offices in Sparks and the Reno Town Mall.

The Division has invested in a case management system that allows us to have a better handle on the processing times to better serve our clients and to have better management reports. We want to be customer focused and performance driven and you will see that our team reflects that.

Budget account 101-3268 includes five FTEs. The first performance indicator is on customer satisfaction and the Division did not achieve the projection by 9 percent. That is primarily attributable to the high vacancy rate we have had in our front-line staff.

We also work with the Governor's Council on Rehabilitation and Employment of People with Disabilities (GCREPD) to see how we can better serve our customers.

SENATOR CEGAVSKE:

The GCREPD is a wonderful committee consisting of people with a variety of experiences.

MR. COLEMAN:

The GCREPD has been in existence approximately one year. It was created with the merger of the Vocational Rehabilitation Council and the Committee on Employment of People with Disabilities. It is an advisory council that meets eight times a year. It is comprised of representatives of the business and private sectors, policy makers and people from across the state. We work closely with them and learn from them, but it is also accountability for our program and how we can improve it.

The second performance indicator is on the Nevada JobConnect offices, and we have ten JobConnect offices. We have achieved that indicator and we are moving to address it further.

E-250 Working Environment and Wage – Page REHAB-4

Decision unit E-250 is an augmentation for travel to state and national meetings. Last spring I was elected to the Board of Directors of the Council for State Administrators for Vocational Rehabilitation. These are my counterparts from around the country and the territories. I serve representing Region 9 which is Nevada, California, Arizona, Hawaii and the territories. The meetings are held nationally a couple of times a year. It is particularly important this year with the reauthorization of the Workforce Investment Act, and it gives me an opportunity to learn from other states how our practices might be improved.

CHAIR RAGGIO:

Is decision unit E-250 out-of-state travel?

MR. COLEMAN:

Yes, it is primarily out of state.

CHAIR RAGGIO:

Is the \$5,300 each year only for you, or your designee, for a couple of trips?

MR. COLEMAN:

The Washington trips are expensive, but it is only for a couple of trips.

CHAIR RAGGIO:

You might want to check the numbers on that. The subcommittee will look at it.

MR. COLEMAN:

We will assess that number.

E-256 Working Environment and Wage – Page REHAB-4

Decision unit E-256 is an augmentation for two employees in Las Vegas who will move into the new DETR building.

E-806 Unclassified Position Salary Increases – Page REHAB-5

CHAIR RAGGIO:

Is decision unit E-806 a duplication of a similar recommendation in decision unit E-811?

MR. RAMIREZ:

Yes, that is correct. We have been working with our budget analyst and we have eliminated decision unit E-806.

CHAIR RAGGIO:

Please submit something to our staff on this.

DETR, Disability Adjudication – Budget Page REHAB-8 (Volume II) Budget Account 101-3269

KRAIG SCHUTTE (Chief, Bureau of Disability Adjudication, Rehabilitation Division, Department of Employment, Training and Rehabilitation):

Our Bureau is the designated state agency that works with the Social Security Administration (SSA) in processing disability claims under Title II and Title XVI of the Social Security Act which are the disability insurance benefit and supplemental security income. The claims are taken at the local SSA offices and forwarded to our office. Medical evidence records are obtained, analyzed and assessed and eligibility determinations are processed.

We had a number of challenging performance indicators on which we fell short. The first one, cases per FTE, we came in at 308. Even though we fell short of our performance indicator, we were fourth in the nation in terms of productivity.

Due to staff turnover and an increase in our backlog, we fell behind on processing time for both Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) claims. Our initial claims backlog rose to approximately 1,100 claims. The remainder of the year we worked to reduce that backlog. By May, we had reduced the backlog to about 400 cases. As a result, our processing time began to decline. By June 2004, it was down to 72 days for SSDI claims which ranked 12th in the country. By September, we had reduced our SSI processing time to about 72 days which was good enough to be ranked among the top ten states in terms of processing time. There was significant improvement throughout FY 2004.

I am pleased to report that the performance data for January 2005 indicated a processing time for SSDI claims of 77 days. Our processing time for SSI claims was 75 days. The 75-day processing time was good enough to be ranked sixth in the country.

CHAIR RAGGIO:

I am pleased to hear that because the most serious complaints I get pertain to the amount of delay in getting this adjudication for people who are having a tough time surviving. Are you now averaging 77 days?

MR. SCHUTTE:

Yes. Generally we are running around 75 to 80 days. The national average is currently between 85 and 90 days. For the most part, we are about 14 to 17 days below the national average in processing these cases.

CHAIR RAGGIO:

In the meantime, these individuals do not receive any disability payments. Once you make the adjudication, how long does it take to get the check started?

MR. SCHUTTE:

It depends on the individual case. Once we process the claim, it is forwarded back to the SSA which makes the determination of the award. They check the eligibility, income resources, and other requirements in determining the benefit amount. It could take a couple of weeks.

CHAIR RAGGIO:

Are the 24,902 cases you are projecting the same kind of cases?

MR. SCHUTTE:

The 24,000 cases are all disability claims. There are three main types. Our biggest workload is what we call initial claims. A smaller workload is the first-level appeal which we call reconsideration claims. We also process claims for continuing disability review which are people who are already on the rolls who are reviewed every three to five years to determine their continuing eligibility.

CHAIR RAGGIO:

Are you requesting 17 new positions because you anticipate the total number of cases will increase to 29,000 in 2006 and more than 31,000 in 2007?

MR. SCHUTTE:

Yes, that is correct.

CHAIR RAGGIO:

What is your expectation of how that will affect the number of cases processed per position?

MR. SCHUTTE:

We are expecting a slight drop in the productivity per position, mainly because we are now in a mode where we are hiring inexperienced employees and training them ourselves. That has been the major change over the last two years. Previously, we recruited experienced people from other state agencies. We still do that when they express interest in relocating here. For the most part,

we are hiring and training our own employees. It takes approximately 18 months to 2 years to fully train an adjudicator because of the complexity of the job. Our staff goes through approximately 10 to 12 weeks of classroom training. Then they are placed in a training unit and their work is carefully monitored and assessed throughout their probationary period, during which time they get appropriate assistance, monitoring and guidance.

CHAIR RAGGIO:

Does all of the funding for these positions come from the SSA?

MR. SCHUTTE:

Yes, we are 100-percent federally funded.

CHAIR RAGGIO:

Do the 17 new positions you are requesting replace the intermittent positions that were approved?

MR. SCHUTTE:

No, they do not. We are looking for the authority to have those positions established. We worked with the regional office in San Francisco to develop the projected workloads for FY 2006 and FY 2007. They were based on an 8-percent increase.

CHAIR RAGGIO:

Does the SSA have to approve the request for new positions?

MR. SCHUTTE:

Yes, they give us an advisory each year and a spending plan on the number of staff we can hire.

CHAIR RAGGIO:

Are you at the maximum for what they have authorized?

MR. SCHUTTE:

Based on our current spending plan, we are close to the maximum. We have requested permission to fill two critical positions this year. When the SSA provides the funding, they often give us a deadline by when the positions must be filled or the authority will be lost. That is why we prefer to have those positions established in the state system.

CHAIR RAGGIO:

I would urge you to do everything possible to remove the frustration these people feel when they are waiting for this adjudication process.

MR. SCHUTTE:

Yes, we will continue to work on that.

The last performance indicator for the Bureau was decisional accuracy. The goal of 97 percent was established by the SSA. We were able to achieve approximately 96 percent for the year.

E-250 Working Environment and Wage – Page REHAB-11

CHAIR RAGGIO:

Would you explain the inflationary medical cost increases in decision unit E-250?

MR. SCHUTTE:

We are trying to recruit and hire additional medical consultants for our staff. A number of claims require review and approval of determinations by a physician before they can be processed. We often have a backlog in cases waiting for a medical review. We are trying to recruit additional medical consultants, particularly in the south.

CHAIR RAGGIO:

In 2002, the Department projected the average case cost for 2004 would be \$95.48. The Department indicates the actual cost is \$86. Is that taken into consideration in this request?

MR. SCHUTTE:

Yes, it is. With the expected increase in the number of cases requiring assessment and review, we need to obtain additional medical consultants.

CHAIR RAGGIO:

Is the inflation factor based on the Consumer Price Index (CPI) for medical expenses?

MR. RAMIREZ:

Yes, it is. The medical expenses CPI was 8.4 percent. The CPI for the contract physicians was 5.3 percent each year.

CHAIR RAGGIO:

You are asking for additional funding to maintain a 600 square foot training facility. What facilities are currently used to provide disability adjudicator staff training?

MR. SCHUTTE:

We have one large conference room that is used for all of our staff meetings and whatever training we have available. We are continually running into conflicts when arranging unit meetings, staff meetings and training sessions. We ran three training classes over the last 12 months. It became clear to us that we need to improve our training facilities. We are also moving into an electronic processing environment which will involve extensive staff training soon. Our staff will be working with computers in processing most of their work. We feel it is an appropriate time to enhance our training facilities.

CHAIR RAGGIO:

Does the SSA have objections to your proposed reclassifications or the cost of living adjustments that will be applied?

MR. SCHUTTE:

They have no objections.

MR. COLEMAN:

The focus of the Bureau of Vocational Rehabilitation is serving people with disabilities who have a barrier to work and helping them find work and to work independently. There are 96 FTEs in this budget. There are 13 offices across the state. We work to provide counseling, guidance, testing, assistive technology and supportive services for disabled individuals finding employment.

GAYLE SHERMAN (Chief of Program Services, Rehabilitation Division, Department of Employment, Training and Rehabilitation):

The first performance indicator for the Rehabilitation Division is the number of closures into competitive employment. The projected goal for FY 2004 was 968 competitive placements. The actual number was 885. The rehabilitation counselor vacancies was the main reason for the unmet placement goals and the unspent case service dollars. We have addressed the vacancies through the development of recruitment and retention strategies. Some of the strategies developed include the use of accelerated rates of pay for highly qualified candidates, promoting from within, expanding recruitment to a nationwide recruitment, including the Internet, and posting vacancies with certified masters programs in vocational rehabilitation. A recent development that is going to be promising and fruitful for the future recruitment of rehabilitation counselors is that UNLV now has a certified rehabilitation counselors masters program. We will be able to access the graduates to fill vacancies within Vocational Rehabilitation.

To address the growth in Las Vegas and the increased demand for services, positions have been transferred and reclassified from the northern district to the southern district with a net gain of four counselor positions in Las Vegas. As a result of the implementation of the strategies, 17 vacancies in Vocational Rehabilitation have been filled since October 2004. There are currently three rehabilitation counselor vacancies within the Bureau of Vocational Rehabilitation. Presently, 26 percent of our counselors have been with the agency less than one year. Our new goal is training and bringing those counselors up to speed. It takes about six months to build a caseload and to create plans that result in competitive placements. The average time for a rehabilitation counselor client from the date of application to the date of placement is 2.5 years. Nationally, it is 3.5 years.

CHAIR RAGGIO:

Is there a wait list for a new client before they start the training?

MS. SHERMAN:

The wait time for receiving services is longer in Las Vegas than it is in the rest of the state. Applicants are scheduled for an orientation and that varies from office to office. Depending on the office, orientations are held daily, weekly or twice a week. Then they receive an application and have their first appointment with a counselor. The statewide average for the first appointment is 28 working days. In Las Vegas it is 40 working days.

CHAIR RAGGIO:

Does it take that long because you do not have enough people?

MS. SHERMAN:

Yes, it is due to vacancies.

CHAIR RAGGIO:

Are you going to fill these vacancies? Do you think that will reduce the time? The wait is frustrating for someone who wants to start the process.

MS. SHERMAN:

Yes, we are. We have tried to fast-track people if they come to us with skills and are looking for assistance in obtaining employment. They used to have to wait until it was their turn. They are now evaluated and referred out to our partners in JobConnect so their employment needs are addressed more quickly than they were in the past.

CHAIR RAGGIO:

Did you say the average time for the training is a year and one-half?

MS. SHERMAN:

That is the average time they receive services from the Bureau of Vocational Rehabilitation. The actual time depends upon the severity of their disability and the skill sets of the person.

Performance indicator number 2 is percentage of clients exiting Vocational Rehabilitation in full-time employment with medical insurance. The projected goal was 80 percent and the actual achievement was 65 percent. It is important to note that for all Nevadans, both disabled and nondisabled, 70 percent had health care coverage through their employers. Given this information, the performance measure appears to be in need of revision. In 2001, Nevada ranked second compared to other state vocational rehabilitation programs for clients placed with medical insurance.

The third performance indicator is average hourly earnings at closure for clients who are competitively employed. The projected goal for 2004 was \$11 an hour. The actual achieved was \$9.49 an hour. Competitive placements are counted at 90 days of employment and the wage received is an entry-level wage. The average entry-level wage for all Nevadans in all occupations is \$7.94 an hour. This is another performance measure that probably needs to be reviewed. Nationally, according to 2001 data, Nevada was 10th compared to other state vocational rehabilitation programs for the number of placements with average hourly earnings over minimum wage.

Performance indicator number 4 is the percentage of clients from ethnic minority populations. We exceeded this indicator by 1 percent.

Performance indicator number 5 is the number of school-age youth served through the transition program and the partnership with the Department of Education. We achieved 98 percent of this goal.

E-250 Working Environment and Wage – Page REHAB-20

MR. COLEMAN:

Decision unit E-250 is for the annual membership dues in the Council of State Administrators of Vocational Rehabilitation. It also includes training which is a priority for all of our staff for continuous training.

E-256 Working Environment and Wage – Page REHAB-21

Decision unit E-256 relates to the move from the Belrose Street office in Las Vegas into JobConnect offices for 31 employees and the costs associated with the move.

CHAIR RAGGIO:

Staff had some interest in discussing the fact that you had not fully utilized the federal section 110 grant funding that is available. The amount of federal funds underutilized each year continues to increase. If additional General Fund monies are approved as matching funds, what assurance is there that the Bureau is going to be able to fully utilize these resources? That is a major issue we would like to have clarified.

MR. COLEMAN:

I can talk about this, in general, and we can go into more detail at the subcommittee level.

This is a serious concern for us. There is a history with this issue in this Division that precedes me. It is a result of staff turnover and we are addressing that. We also have some tools in place that allow us to have better management information.

MS. SHERMAN:

With 58 percent of the fiscal year elapsed, we are at 68 percent of encumbrance of those funds. For FY 2005 we are doing much better than we have in the past.

CHAIR RAGGIO:

For FY 2004 there was something in excess of \$2 million section 110 grant underutilized. That is almost 17 percent of what you are authorized.

CECILIA COLLING (Chief of Operations, Rehabilitation Division, Department of Employment, Training and Rehabilitation):

The largest amount of this is related to the client service dollars budget. That is the money spent on clients. A counselor is needed who can build a budget for a client to spend. We were unable to maintain staffing levels where they should have been.

CHAIR RAGGIO:

I am sure the subcommittee will want to talk more about this.

MR. COLEMAN:

We will go into more detail.

CHAIR RAGGIO:

Historically, this Bureau has not had a reserve. Are you proposing \$116,000 each year for a reserve?

MR. RAMIREZ:

Yes, the reserve of \$166,000 was federal cash on the books at the end of FY 2004. These funds consisted of \$142,000 of SSA reimbursement and the balance of it was special services. The reason we have these funds is because we implemented the rehabilitation client services system. The system is up and

running and producing the required federal reports. However, there are a number of enhancements to the system that still need to be implemented to make it as functional as the Department needs. The SSA funds are planned for the continual enhancements to the system. The other \$23,000 in the special services reserve is going to be used for the purchase of assessments of the individuals enrolled in the program. These funds were not programmed into any other category in FY 2005 when this budget was prepared because we had ample funds at that time. However, we expect to have most of them expended in 2005.

CHAIR RAGGIO:

When you get to the subcommittee, be prepared to indicate the amount of funding you are requesting. Decision unit E-250 exceeds the historical standard funding for staff training. The subcommittee will want to understand if that is necessary.

DETR, Office of Disability Employment Policy – Budget Page REHAB-25
Budget Account 101-3156

Ms. COLLING:

The Office of Disability Employment Policy (ODEP) is set up to assist the Division and the two Councils with the development of policies and practices for working with people with disabilities. They also provide services to businesses, assisting them with ADA issues. This Office works with various nonprofit organizations and businesses on disability-related issues. In 2001, a state-use program was created to provide a preference with purchasing agents and that has been assigned to this Office.

The transition of ODEP into DETR has had its challenges and it has also had opportunities. We have leveraged ODEP to work on the things we are focusing on in our Division which is employing people with disabilities. The ODEP has helped us develop interlocal agreements with the local school districts to work with transition students or students 16 years of age or older who are looking to move from school to work. They also worked with the JobConnect offices on ADA issues and discussed ways they could most effectively work with people with disabilities. The SSA implemented the Ticket to Work program in Nevada in FY 2003 and FY 2004. This program provides an incentive to businesses, nonprofit organizations and other agencies to provide employment for people who have SSI or SSDI benefits.

CHAIR RAGGIO:

What kind of incentive does the Ticket to Work program provide?

Ms. COLLING:

They have to maintain significant gainful activity which is enough money to replace their SSI or SSDI benefits. However, they are able to maintain their health coverage. It is an incentive to the recipient to take the job because they do not have to fear they will lose their health coverage for up to 8.5 years. If the person attains certain benchmarks, the employment network is paid for those services.

The performance indicators are out of balance and quite dramatically in some cases. This is related to the move from one area to another and to the rollout of the Ticket to Work program. A lot of work was done helping educate

beneficiaries and potential employment networks about the program. Some indicators are higher than they normally would have been. That will adjust back now that the program has been rolled out. We did exceed three of the four indicators.

CHAIR RAGGIO:

You projected 150 business would receive training and the actual was only 2?

Ms. COLLING:

That is because in the past they used to do what they call "cold calls" in to businesses and talk about ADA.

CHAIR RAGGIO:

Are you anticipating 150 from now on?

Ms. COLLING:

Yes, we are going to try to achieve that.

CHAIR RAGGIO:

Are you going to make some adjustments on these performance indicators before the subcommittee meeting?

Ms. COLLING:

Yes, I think it would be advisable.

We added a performance indicator that relates to the Coalition Employing Nevadans in Training and Services (CENTS) program. This is a program that allows community training centers to get a preference on state or local purchasing bids. They must assure that a majority of the people working on the project have disabilities.

SENATOR TITUS:

Can you address the CENTS program and tell us why nothing has happened there?

Ms. COLLING:

The CENTS program is comprised of community training centers and state and local purchasing agents. They have developed criteria for establishing a fair market price for negotiating bids. There is at least one community training center that is actively involved in the CENTS program in that they currently have four contracts and are planning on expanding that. We have been working to put together a contract with the Vocational Rehabilitation program to build a marketing program with associated travel to generate some interest in serving as a liaison between community training centers and purchasing agents. That contract was completed in January and we plan to move ahead with it.

SENATOR TITUS:

Do many people know about this? It seems it is a well-kept secret that people should know more about and it should have a higher priority.

Ms. COLLING:

I agree, we need to work on it and it should have more focus than it had last year.

SENATOR TITUS:

Would the Office for Persons with Disabilities be a more appropriate place for it?

MS. COLLING:

I am not sure whether they have the resources to support that program. There is funding associated with it up to 2 percent of the contract value for the year. Seed money would be needed to start up the program.

DETR, Client Assistance Program – Budget Page REHAB-32 (Volume II)
Budget Account 101-3258

MR. COLEMAN:

The Client Assistance Program has two FTEs. It is a federally-mandated resource for the clients of rehabilitation programs and independent living. It helps people who are having issues around their employment goals and gives advice on their rights and responsibilities under the Rehabilitation Act and Title I, the Employment section of the Americans with Disabilities Act. The program helps resolve problems and disagreements among service providers. It also provides for assistance on appeals and decisions concerning services. The program is 100-percent federally funded.

The program failed to meet its goal for the performance indicator related to number of cases opened for advocacy. This was due to there being a vacancy in this position for many months and the position was moved from Reno to Las Vegas. We have worked to reestablish this office and to make people aware of the services that are provided.

CHAIR RAGGIO:

What are you doing differently now to inform people and make sure they understand it.

MR. COLEMAN:

We promote it within our staff and make sure our clients have brochures related to our services. We promote it on our Web site and we work with other disability organizations.

E-255 Working Environment and Wage – Page REHAB-34

Decision unit E-255 is to move two staff in Las Vegas to the new DETR administrative building.

CHAIR RAGGIO:

Other than a Web site, do you have a plan to get this kind of information out to those who need it?

MR. COLEMAN:

The key person in this position has met with counselors and staff and has traveled around the state meeting with various offices to make sure they are aware of the Program and the services it provides.

MS. SHERMAN:

There is a notice in the individual plans for employment that a client signs, and most of the letters we send to clients inform them of their rights and that they

can access the Client Assistance Program. The phone number and location are also provided.

CHAIR RAGGIO:

These two positions are federally funded. Are they able to assist in this?

MS. SHERMAN:

Yes, they are.

DETR, Services to the Blind & Visually Impaired – Budget Page REHAB-37
(Volume II)
Budget Account 101-3254

Mr. Coleman:

The mission of the Bureau of Services to the Blind and Visually Impaired is to provide services to people who are blind and visually impaired and help them work independently and be productive. We provide services that are employment related, but we also provide services for people who are not going to work. We work with them on mobility and assistive ways where they can maintain their independence and self-sufficiency.

There are 34.5 FTEs in this budget.

MS. SHERMAN:

We did not meet the goal of the performance indicator regarding the number of closures into competitive employment mainly because of the vacancies. The Bureau achieved a wage of \$10.62 an hour of average hourly earnings, although the projected goal was \$11.00 an hour. For FY 2005, we are at \$11.17 an hour.

The Bureau met and exceeded the performance indicator for percent of clients served from minority populations. We fell short on the number of school-age youth served annually. We have taken steps to increase the number of school-age youth served in Las Vegas where there are four rehabilitation counselors who have exclusive transition student caseloads. statewide, every rehabilitation counselor has been assigned schools in the school district so that each high school in Nevada has an assigned rehabilitation counselor that works on outreach and with special education teachers. Visually impaired students do not always appear in the special education school classes, and we need to identify more effective ways of identifying those children.

MR. COLEMAN:

The enhancement units in this budget are similar to the budget of the Bureau of Vocational Rehabilitation.

CHAIR RAGGIO:

This is another budget where federal 110 funding is very much unutilized. Why was that and how will it be addressed?

MS. SHERMAN:

The unspent funding is largely due to the fact that we did not have counselors to create plans and allocate money. That will be remedied for the next biennium by keeping our focus on filling vacancies.

CHAIR RAGGIO:

Where are you on filling vacancies?

Ms. SHERMAN:

We have five rehabilitation counselor positions that are vacant. Three of the positions were newly reclassified. We have begun work to fill the vacancies.

CHAIR RAGGIO:

Are you having trouble filling them?

Ms. SHERMAN:

Today we are making offers for two of those positions and we are securing new lists. The lists we have secured by going outside of the state have been more robust than the lists we received in the past.

CHAIR RAGGIO:

Are you anticipating an increase in clients?

Ms. SHERMAN:

Yes, we are.

CHAIR RAGGIO:

There was a question on the transition services for eligible students.

MR. COLEMAN:

We have also worked with Senator Cegavske on this. We meet with a subcommittee of the Governor's Council on Rehabilitation and Employment of People with Disabilities that has a transition forum. We also have dedicated staff in the south who work with the Clark County School Districts, and all the high schools in Nevada know the point of contact.

CHAIR RAGGIO:

Do you have agreements with all the high school districts?

MR. COLEMAN:

We have renewed all 17 interlocal agreements.

CHAIR RAGGIO:

Is the goal to help them get a job after they get out of school?

MR. COLEMAN:

We are working diligently to address the needs of transition and with the Individuals with Disabilities Education Act (IDEA), on how we can better link students with disabilities in high schools to the world of work.

DETR, Blind Business Enterprise Program – Budget Page REHAB-45 (Volume II)
Budget Account 101-3253

MR. COLEMAN:

The Blind Business Enterprise Program administers a program for blind persons to manage vending operations on federal and other properties through the Bureau of Services to the Blind and Visually Impaired. We serve as the state licensing agent. The program operates under the federal Randolph-Sheppard Act. We work to train, license and assist them in their facilities.

CHAIR RAGGIO:

Is there any litigation going on with this program now, or is it pretty stable?

MR. COLEMAN:

The litigations have been settled. There are 5.5 FTE in this budget. We work closely with the blind vendors committees. There are still challenges within the program, but we have worked hard to make it a better program.

MS. SHERMAN:

Performance indicator number 2 is the percent of blind vendors achieving substantial gainful activity earnings. We exceeded that goal by 8 percent. The blind vendors earned over \$8 million in gross earnings and they paid over \$400,000 in sales taxes. They paid over \$1 million in set-aside fees and have earned a net profit over \$1.5 million. This program is totally self funded.

The program has not met the goals for site expansion or increasing the number of blind operators. In FY 2004, no new sites were brought online and no new vendors were licensed. In 2005, one trainee has been licensed. There are two new applicants in northern Nevada and two new applicants in southern Nevada. With regard to site expansion, there are three new sites, two of which have been reviewed with the Nevada Committee for Blind Vendors. One recent opportunity is undergoing a feasibility study. In the future, the State Department of Conservation and Natural Resources will have a Business Enterprise of Nevada (BEN) facility. A new DMV building in Las Vegas has also agreed to be a site for the BEN program and we recently learned of a new mental health hospital in Las Vegas that we are looking at as a possible site.

CHAIR RAGGIO:

Is the State Department of Conservation and Natural Resources building a good location?

MS. SHERMAN:

It is a good location. We have done a feasibility study.

CHAIR RAGGIO:

The Reno-Sparks Visitors and Convention Center does not have that much traffic.

MS. SHERMAN:

Some of the site expansions are still undergoing feasibility studies to see if they actually could support a viable operation. Some of them are still undergoing litigation where we have identified that a facility would be appropriate for the site, but the sites have not welcomed the BEN program. We are pursuing the right through the Randolph-Sheppard Act.

CHAIR RAGGIO:

We have not been hearing much from the Blind Vendors Association so something must be going right.

MS. SHERMAN:

We have been working to develop better relations and keep them more informed of new opportunities and activities on the part of the BEN program.

DETR, Employment Security – Budget Page ESD-1 (Volume II)
Budget Account 205-4770

CYNTHIA A. JONES (Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation):

The Employment Security Division is organized into two major functions, the Employment Service and the Unemployment Insurance program. The program is a joint federal/state insurance program that provides partial wage replacement to protect workers against the hardships of unemployment. The Division provides assistance and monitoring services to programs funded by the Workforce Investment Act provided through the Nevada JobConnect system.

The Division receives the majority of its funding from the U.S. Department of Labor (DOL). A small amount of revenue is derived from charges for services provided to the Welfare Division for maintaining the new-hire directory and the deduction of child support payments from unemployment checks.

The performance indicators in the *Executive Budget* were limited in an effort to conserve space. However, the Employment Security Division tracks numerous indicators that are not published. On a monthly basis, we track in excess of 80 indicators. An important indicator not published in the *Executive Budget* is the ratio of job seekers entering employment to registrants receiving core services. This indicator measures the Division's success in assisting Nevadans in securing a job. The Division projected the ratio of job seekers entering employment to those registrants receiving core services (meaning they received a staff-assisted service in a JobConnect office) would be 25 percent. The Division is pleased to report that 76 percent or 47,000 of the 62,000 registrants receiving services from a staff member in a JobConnect office entered employment in 2004. With this achievement, Nevada tied Georgia in attaining the highest entered-employment rate in the nation. The substantial increase is partially due to the robust Nevada economy. However, much of the increase is related to improved methods in tracking outcomes of program participants through the availability of wage data and DOL-mandated change in the methodology utilized in calculating these types of measures.

The Division experienced one significant deviation in performance indicator number 5. The results for indicator number 5 show that only 6 percent of contribution tax revenue was collected via electronic funds transfer. The Division established an electronic payment system in January 2001, providing a method of electronic payments for unemployment insurance taxes. This telephone system requires preregistration and offers a single method of electronic transfer via automated clearinghouse debit transactions. While employers may transmit quarterly summary data and payments through this system, they have been reluctant to utilize the system as they are required to submit detailed wage information through a separate means, either through paper media or through magnetic media. As a result, performance on this indicator did not meet expectations.

The department is in the process of implementing a new Internet business reporting and payment system. This online system will offer additional payment options and provide an integrated method for both reporting and payment. By expanding the e-commerce options available to Nevada employers, the Division

expects utilization of the electronic filing and tax payment system to increase substantially.

The Base Budget for the Division supports 395 FTE positions and associated operating costs. Expenditures include pass-through of approximately \$15 million in Workforce Investment Act funds to the local Workforce Investment Boards each biennium.

E-720 New Equipment – Page ESD-7

Decision unit E-720 seeks additional funding for new equipment in the amount of approximately \$76,000 in 2006 and \$5,600 in 2007.

SENATOR BEERS:

Would you tell us about the Appeals Replacement and Enhanced Adjudication System (AREAS)?

Ms. JONES:

The Interim Finance Committee (IFC) approved \$365,000 for the study portion of this project last summer. In addition, we have received \$99,000 in federal funds to address security concerns on this project. Subsequent to our appearance at IFC, the Division submitted an amended Technology Investment Request (TIR) to the Department of Information Technology. The amended TIR was approved in October. It reduced the scope of the project and pushed out the start date of the project. Apparently, that TIR was never transmitted to your staff and I will be providing that as well as an amended project plan. The scope is reduced to address only those issues in the system that will stabilize the existing system and alleviate the concerns DOL has with our system, with a few minor enhancements. The funding provided to the Division thus far, through the IFC appropriation as well as the federal funds, will be the only funds expended on this project during the upcoming biennium due to other priorities of the programming staff, including the rollout of the contributions redesign project. Major enhancements to this program will be delayed to the 2008-2009 biennium. At that time, we would request additional funds. Therefore, you do not see funding in our current budget request for this project.

E-250 Working Environment and Wage – Page ESD-5

Decision unit E-250 provides \$1.4 million in intermittent staff to address seasonal fluctuations in workload. This item is an integral part of employment security programs nationwide. For the past three fiscal years, the average intermittent salaries were \$1.7 million. As workload has decreased, the Division believes the funding provided as requested in the upcoming biennium will be sufficient to address workload.

E-710 Replacement Equipment – Page ESD-6

Decision unit E-710 requests authority of \$612,000 in FY 2006 and \$814,000 in FY 2007 for replacement equipment.

DETR, Welfare to Work – Budget Page ESD-10 (Volume II)
Budget Account 101-3226

Ms. JONES:

The Welfare to Work Program provides assistance to those who had the most significant barriers to employment. Funding for this program expired February 25, 2004. This budget account has been eliminated as the program has been terminated.

DETR, Career Enhancement Program – Budget Page ESD-12 (Volume II)
Budget Account 205-4767

Ms. JONES:

The Career Enhancement Program (CEP) was created in the 1989 Legislative Session to provide employment and training services for all unemployment insurance claimants. The 1995 Legislative Session expanded the program eligibility to include all unemployed Nevadans. Senate Bill No. 423 of the 72nd Session expanded program eligibility to all currently employed Nevadans, as well, to meet the needs of employers for skilled workers to help them be competitive in a national and global economy. The program is financed by a 0.05-percent employer contribution on taxable wages. The Division is pleased to report the CEP met or exceeded all performance indicators for FY 2004.

The Base Budget for this account provides continued funding for 51 FTEs and associated costs.

E-250 Working Environment and Wage – Page ESD-15

In decision unit E-250, the Division is requesting ten new workforce service representative positions and associated costs to address employment services and training needs for growth in the Nevada workforce. The Research and Analysis Bureau is projecting that approximately 90,000 new jobs will be created in the upcoming biennium with 50,000 workers being added to the labor force each year. This decision unit also requests \$1 million each year to provide skills training and reemployment services for the placement of job seekers with employers requiring diverse skills. If this request is approved, the Division expects the number of individuals served by this program to increase by approximately 1,300 in FY 2006 and 2,500 in FY 2007.

E-326 Services at Level Closest to People – Page ESD-16

Through decision unit E-326, the Division is requesting \$400,000 in authority in each year of the biennium to fund up to 10 intermittent positions to continue the Reemployment Services Program. This Program has been funded by the DOL since July 1, 2001; however, it expires in June 2005. In 2003, this highly successful program produced savings of more than \$1.4 million to Nevada's Unemployment Trust Fund as well as a reduction in charges to Nevada employer accounts by reducing the duration of unemployment insurance benefits for program participants.

E-710 Replacement Equipment – Page ESD-16

E-720 New Equipment – Page ESD-17

Decision units E-710 and E-720 request approximately \$80,000 each year in authority for new and replacement equipment.

SENATOR BEERS:

Good job and good performance indicators. Unemployment is way down. I am concerned about the increase in staffing; however, your performance indicators indicate you exceeded your expectations in number of people served with your existing staff. I am trying to reconcile the size of the increase in the training staff with the expected increase in the size of the workforce.

Ms. JONES:

We did exceed our performance indicators and we expect performance to be similar this fiscal year. The numbers in the *Executive Budget* were those that were projected last fiscal year. We requested the increase in staff as we have not had an increase in staff for some time. The Nevada labor force is expected to have grown by 20 percent from 2002 to 2007. Therefore, we are requesting a commensurate increase in staff.

SENATOR BEERS:

Was that the last time we increased staff?

Ms. JONES:

In that biennium we actually reduced staff by three positions due to funding concerns.

SENATOR BEERS:

Do you maintain a caseload-per-staff statistic?

Ms. JONES:

Yes, we do.

SENATOR BEERS:

Would you provide that for the subcommittee?

Ms. JONES:

I certainly will.

SENATOR BEERS:

Some history on staffing would help us understand this better. Is the federal funding secure for continuing the intermittent positions?

Ms. JONES:

The intermittent positions we have requested in budget account 205-4767 are a result of the discontinuance of federal funding. Therefore, we are requesting to fund that program with the CEP tax because of the savings that program brings to the Unemployment Insurance Trust Fund. By expending \$400,000 of the career enhancement trust fund dollars, we expect to realize \$1.4 million in savings. We believe that is a good return on investment.

SENATOR BEERS:

Was that not originally a mandate? Did the mandate go away with the funding?

Ms. JONES:

I am not sure if it was a mandate. I will have to get back to you on whether it was an optional program or if it was a federal mandate.

SENATOR BEERS:

Do you think it is cost effective standing alone?

Ms. JONES:

Yes, we have statistics that support that.

SENATOR BEERS:

Please bring those to the subcommittee meeting.

DETR, Employment Security – Special Fund – Budget Page ESD-20

Budget Account 235-4771

The Employment Security - Special Fund budget is a special revenue fund that may be used to cover expenditures for which federal funds have been requested but not yet received. It may also be used to pay the cost of the administration of employment security programs that may not be charged against federal grants, including capital improvement projects. The sources of revenue for this budget are all interest and forfeitures collected from employers for late or nonpayment of unemployment taxes. The Employment Security Division utilizes the fund to support the maintenance of agency-owned buildings, contract services for outside legal counsel as authorized in NRS 612.745, fund information, data processing costs and technological enhancements for which federal funds are not available. The Base Budget requests continued funding of these costs.

E-275 Maximize Internet and Technology – Page ESD-22

Decision unit E-275 requests authority of approximately \$1.4 million in FY 2006 for costs associated with the continuation of the contribution system rewrite project.

E-710 Replacement Equipment – Page ESD-23

Decision unit E-710 requests funding for equipment found in B/A 101-3274 which would generally have been allocated to B/A 250-4770, the Employment Security Division.

E-730 Maintenance of Buildings and Grounds – Page ESD-23

Decision unit E-730 establishes approximately \$850,000 of authority over the biennium to maintain agency-owned buildings.

E-256 Working Environment and Wage – Page ESD-22

Decision unit E-256 provides funding for office equipment and furniture for the new office building being constructed in Las Vegas.

CHAIR RAGGIO:

What are you doing about the Incline Village office?

Ms. JONES:

We have not had an Employment Security office in Incline Village for many years.

CHAIR RAGGIO:

What is the status of the sale of that office for which you expected to receive \$500,000?

Ms. JONES:

There is an issue with the zoning. We are working with the Tahoe Regional Planning Agency on the appraisal and zoning to determine if a commercial footprint is going to be grandfathered in on that parcel which affects the value of the building.

CHAIR RAGGIO:

Was that going to be used towards the Las Vegas office? What is the status of that?

Ms. JONES:

Once the building is sold, the proceeds will be used towards the Las Vegas office. It is my understanding that the Nevada Division of State Lands has put this prospective sale on the next IFC agenda.

CHAIR RAGGIO:

There is \$1.3 million in decision unit E-256 for the Las Vegas administrative building furnishings and equipment. Why has that increased so much from last September when the cost was going to be only \$850,000?

Ms. JONES:

When we put together the agency request budget, we were still in the design phase of the building and the estimated costs were based on general design principles. The design phase has now been completed and, in order to maintain flexibility in the building and provide a technically and ergonomically suitable environment for the telephone claims group, we requested modular walls and workstations that have driven up the cost. I have additional detail on that we can provide to staff.

CHAIR RAGGIO:

The subcommittee will want to know why the cost increased so much from September. They will also want to go into detail on the unemployment insurance contributions system in decision unit E-275. Will that be completed as projected?

Ms. JONES:

The Internet modules for this system will be completed in July 2005. At that time, we will reassess where we are in rewriting the accounting system that is in the background.

CHAIR RAGGIO:

Something tells me the 2002 estimate of the cost is going to change.

Ms. JONES:

It could change, but we will not know until we regroup and look at the background.

CHAIR RAGGIO:

When will you have some hard information on this?

Ms. JONES:

We were expecting to address the rewrite of the core accounting system after the Internet modules are completed and those are going to be completed in July. We can get some preliminary information together.

CHAIR RAGGIO:

You will not know until July?

Ms. JONES:

We will not know the exact project costs until then.

CHAIR RAGGIO:

Will you have some better information in a few months?

Ms. Jones:

Yes, we will.

CHAIR RAGGIO:

There being no further business to discuss at this time, I will adjourn the meeting at 10:24 a.m.

RESPECTFULLY SUBMITTED:

Anne Vorderbruggen,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____