

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

**Seventy-fourth Session
March 15, 2007**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:11 a.m. on Thursday, March 15, 2007. Chair Bob Beers presided 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 in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

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

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Kathy McClain, Chair
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman David R. Parks

STAFF MEMBERS PRESENT:

Eric King, Program Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Sandra K. Small, Committee Secretary

OTHERS PRESENT:

Terry Johnson, Director, Department of Employment, Training and Rehabilitation
Martin Ramirez, Deputy Director, Department of Employment, Training and Rehabilitation
David Haws, Administrator, Information Development and Processing Division, Department of Employment, Training and Rehabilitation
William Anderson, Chief Economist, Research and Analysis Bureau, Information Development and Processing Division, Department of Employment, Training and Rehabilitation
Maureen Cole, Deputy Administrator, Nevada Equal Rights Commission, Department of Employment, Training and Rehabilitation
Michael T. Coleman, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation
Lisa Erquiaga, Executive Director, Northern Nevada Center for Independent Living
Cindy A. Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 2

CHAIR BEERS:

We will begin with the Department of Employment, Training and Rehabilitation.

HUMAN SERVICES

EMPLOYMENT, TRAINING AND REHABILITATION

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

TERRY JOHNSON (Director, Department of Employment, Training and Rehabilitation):

The Department of Employment, Training and Rehabilitation (DETR) is charged with developing Nevada's workforce to enable it to sustain and grow in this economy. We also conduct research and analysis of the State's labor market. We are the designated entity for purposes of implementing the federal Workforce Investment Act (WIA) and the lead partner in the Nevada JobConnect system. Our major divisions are the Employment Security Division (ESD), the Rehabilitation Division, the Information Development and Processing Division and the Equal Rights Commission.

The Administration budget account (B/A) provides centralized administrative support to the Divisions and their 820 full-time equivalents. Budget Account 101-3272 includes the Director's Office, Human Resources, Financial Management, Operations Management, Public Information and Internal Audit. There are three performance indicators. The percentage of Department employees satisfied with Department services for fiscal year (FY) 2005-2006 was projected to be 90 percent; we reached 89.9 percent. We will continue to reach out and provide a respectful workplace for our Department employees and do our best to serve their needs so they can serve the needs of the citizens. The percentage of businesses satisfied with Department employment services was projected at 95 percent for FY 2005-2006; we achieved 88.5 percent. This is based on research performed by our Research and Analysis Bureau. The percentage of time the Department and Divisions meet or exceed performance indicators in their budget was projected at 80 percent for FY 2005-2006; we achieved 52 percent. This is an improvement over the last biennium; it represents an area we need to improve. As you review the different budget accounts, you will see some Divisions did not hit their performance indicator targets, but they were within striking range. I have every confidence we will achieve the targets over the upcoming biennium.

This budget account does not propose any new programs. The decision unit M-525 requests funds for compliance with the Americans with Disabilities Act (ADA). It includes various software, interpretive services and related expenses. The decision unit E-250 adds two positions: one management analyst II for the Financial Management Office and an ESD program specialist III for the Director's Office.

M-525 Americans with Disabilities Act – Page DETR-3
E-250 Working Environment and Wage – Page DETR-3

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 3

CHAIR BEERS:

The narrative portions of the budget indicate the request is for a management analyst II and the budget software system says it is a management analyst I.

MARTIN RAMIREZ (Deputy Director, Department of Employment, Training and Rehabilitation):

The request is for a management analyst II.

CHAIR BEERS:

Is this for a reorganization of the accounting function?

MR. JOHNSON:

During the last Legislative Session, we eliminated 50 positions due to a reduction in federal funding. The Department is about 4-percent General Funds with the balance federally funded. We want to restore some of the functionality to our finance office as well as oversight of some of the federal programs with the ESD program specialist. There is no reorganization; we wish to reinstate needed resources.

CHAIR BEERS:

Are there new requirements for the Workforce Investment Act?

MR. JOHNSON:

The change is in how the Department is administering its duties and asserting leadership in that arena, particularly with the local Workforce Investment Boards in Reno and Las Vegas. There have been opportunities, over the last decade, for better accountability and transparency on how those programs are administered. We took on additional responsibility in terms of fiscal oversight of one of the Workforce Investment Boards due to a myriad of audit problems and other financial problems. There were media reports regarding a southern Nevada Workforce Investment Board. We have been designated the fiscal agent to coordinate their finances. The financial management position will help on that front. It is a new era of leadership in the Workforce Investment arena.

CHAIR BEERS:

When the problems in Clark County are corrected, will you continue to be the fiscal agent?

MR. JOHNSON:

It is possible, at some point, we may not be the fiscal agent. We would still have an obligation under the federal Workforce Investment Act to account for finances flowing from the federal government to the local municipalities through the State. That responsibility has always been there.

CHAIR BEERS:

Will the ESD program specialist be a permanent position? How much of this request is related to the Clark County problem?

MR. JOHNSON:

It will be a permanent position concentrating on the Clark County problem for some time due to poor accounting practices and mismanagement issues over the last eight or nine years. There are programs in other areas of the

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 4

Department needing oversight, assertive leadership and better management and accountability. That is why I look to restore the internal audit component of which the ESD program specialist is an integral part.

CHAIR BEERS:
Will the ESD program specialist report to the chief auditor?

MR. JOHNSON:
The new position will report to me as Director of the DETR.

CHAIR BEERS:
What is the relationship between this new position and the auditor?

MR. JOHNSON:
They will work together. They are working on some items in southern Nevada relative to the Workforce Investment Board. The chief auditor is a certified public accountant. They are reviewing the fiscal and programmatic aspects of the Workforce Investment Act. Their offices are next door to each other; the two of them are down the hall from me to ensure there is adequate oversight and supervision.

CHAIR MCCLAIN:
Would you provide staff with an organization chart?

MR. JOHNSON:
Yes, I will.

ASSEMBLYMAN HARDY:
Is the Department adding 50 positions?

MR. JOHNSON:
No, we are not. Last Session, 50 positions were eliminated. We are requesting the addition of two positions.

ASSEMBLYMAN HOGAN:
Is the new position, which is needed to help correct problems in southern Nevada, located in Carson City?

MR. JOHNSON:
The position is located in southern Nevada.

CHAIR BEERS:
In decision unit E-805, you are reclassifying an administrative assistant to program officer.

E-805 Classified Position Reclassifications – Page DETR-4

MR. RAMIREZ:
Of the 50 positions eliminated last Session, 9 were from this account. To maintain a certain level of service, we shuffled duties and did some minor reorganization within the DETR Administration. The operations management section then lacked contract administration. We have a Grade 25 then a

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 5

Grade 39 management analyst IV. We split the contract administration activities between these two staff so we do not work the Grade 25 out of class. This has become problematic for the management analyst, especially with the duties related to the construction and maintenance of the new Las Vegas building.

CHAIR BEERS:

If we added the management analyst in decision unit E-250, could that position perform the contract management duties?

MR. RAMIREZ:

The contract function at the DETR is separated from financial management. The management analyst II is requested for financial management to bridge the gap between account technicians and upper-level management. Five of the nine eliminated positions were from financial management.

CHAIR BEERS:

Does that answer mean the management analyst could not perform the contract functions?

MR. RAMIREZ:

That is correct.

CHAIR BEERS:

This budget includes the purchase of a car. Which vehicle is being replaced?

MR. JOHNSON:

The Division's information technology (IT) people are using their personal automobiles in Las Vegas to transport equipment.

MR. RAMIREZ:

The old truck being replaced in this account is for the operations management section which has responsibility for facility maintenance and moving equipment.

CHAIR BEERS:

We will close the discussion on B/A 101-3272 and open the discussion on B/A 101-3274.

DETR - Information Development and Processing – Budget Page DETR-7
(Volume II)
Budget Account 101-3274

DAVID HAWS (Administrator, Information Development and Processing Division,
Department of Employment, Training and Rehabilitation):

The Information Development and Processing Division (IDP) receives its authority pursuant to *Nevada Revised Statutes* 232.910 and is full-time equivalent based for funding. We have 50 staff.

CHAIR BEERS:

Are you saying your costs are allocated to the other DETR organizations based upon the number of employees they have?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 6

MR. HAWS:
That is correct.

We provide application software development and maintenance support, computer operations, help desk, production support, database administration, system management, system networking, project management and IT quality control. We track three performance indicators. The first is based on customer satisfaction; the second is system availability; the third is tracking new self-service features within the Department. We met the second and third performance indicators. The customer satisfaction was missed by 1.5 percentage points. The indicators are based on internal and external surveys identifying customer satisfaction. The external surveys from some of the Internet users can be harsh. We constantly look at that environment to be sure it works well.

There are no new programs or positions requested in this budget.

CHAIR BEERS:
Our biggest concern is the Website refresh project.

MR. HAWS:
The Subcommittee has received a copy of E588-DETR-Website Refresh ([Exhibit C](#)).

E-588 Technology Invest: Maximize Internet & Technology – Page DETR-9

CHAIR BEERS:
What is the Cascade Server license?

MR. HAWS:
It is a content management system (CMS) application. It provides a framework for developing Websites.

CHAIR BEERS:
I was hoping to see more information on why the DETR is doing this.

MR. HAWS:
We get approximately 1.8 million hits during peak periods on that Website. It is hard-wired page views.

CHAIR BEERS:
Is that page views or unique Internet Protocols (IP)? How many visitors were there? What time period are you talking about?

MR. HAWS:
Those are page views in a month. I do not know how many visitors. The site was developed in 1998. The technology used was HyperText Markup Language (HTML) pages with hard-coded links inside of them. Frequently the links break. We have 20 program staff within the Department who verify the links work. We want to create a framework to add content without coding required.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 7

CHAIR BEERS:
What is currently used?

MR. HAWS:
We use HTML, a text editor and small tools. I will get you a list of the tools we use. We do not have Visual Studio or that type of tool.

CHAIR BEERS:
Dreamweaver costs \$500 and does a great job.

MR. HAWS:
We have some of those tools. Many of our constituency use this site to pay contributions and file claims. We would like to refresh this with a better-looking fill to attract more visitors to the site. The call center load is reduced if the Website use is increased.

CHAIR BEERS:
Do you think the unemployment check is an incentive?

MR. HAWS:
It is an incentive.

CHAIR MCCLAIN:
Eighteen percent of the State's unemployment insurance claims are filed through this Website and over \$106 million of the State's unemployment insurance contribution revenue was collected electronically during 2006. Will more revenue come in to offset the costs?

MR. HAWS:
That is certainly the intent. The use of the Website reduces the manual effort.

CHAIR MCCLAIN:
Is there any outreach to encourage use of the site?

MR. HAWS:
Yes, there is. The call center recording states there is no waiting on the Website.

CHAIR MCCLAIN:
Do you have television advertising?

MR. HAWS:
No, we do not.

CHAIR BEERS:
Do you have statistics on wait time at the call center?

MR. HAWS:
The wait time averages 14.42 minutes.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 8

CHAIR BEERS:

Do you know the percentage of incoming calls answered in less than three minutes?

MR. JOHNSON:

We have not developed an indicator in terms of how soon calls are answered. We could discuss the possibility of this as a measurement when we get to the Employment Security Division budget.

CHAIR MCCLAIN:

Can an unemployed person go directly to the Website, or do they have to call first?

MR. JOHNSON:

They can go directly to the Website. If they call, they are told they can go directly to the Website which is available 24 hours seven days a week. There is an Internet help desk available if technical difficulties occur when filing a claim.

CHAIR MCCLAIN:

What are the 20 people updating every day?

MR. HAWS:

These are program staff who monitor pages related to their program area. They monitor content on the Website they created and posted. The program staff ensure the pages remain connected so when a user hits a link, it goes to the correct place.

CHAIR MCCLAIN:

Do the pages change that much? I cannot image 20 people monitoring Web pages.

MR. HAWS:

It is not a full-time effort. This occasional effort is required to ensure the links have not broken. That is one of the reasons we are interested in refreshing the site. It is large with over 3,000 pages. The pages are all linked. Pages have a tendency to break with even a minor change.

CHAIR MCCLAIN:

What does the program staff do with the rest of their time?

MR. HAWS:

They are either adjudicators or take telephone calls.

CHAIR BEERS:

I just Googled "broken link finder." The first entry is "link checker pro," an enterprise unlimited license which will do more than 20,000 links. How many links are on the DETR site?

MR. HAWS:

I do not have the number of links. I assume you are looking at the cost of CMS.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 9

CHAIR BEERS:

No, I am looking at the cost of checking links. I do not understand what is wrong with the existing Website. It is consistent with the State's look and feel. You have not said by doing this project the DETR will be able to eliminate positions. Fifteen minutes, compared to the Department of Motor Vehicles, is not much of a wait.

MR. HAWS:

I understand what you are saying. What is not being conveyed is the importance of the Website to the DETR. It is a strategic tool. We anticipate doing more across the Web. We would like to re-architect underneath so we can add pages quickly and change the look and feel so more people will use the Web. If we do that by hand, it takes a lot of effort. This site has not been refreshed, except the first page, since it was created. We would like to make it easier to add content without requiring a lot of technical resources.

CHAIR BEERS:

The HTML is not technical. You can walk your 20 people through an internally-conducted HTML class over 4 weeks and they will be experts.

MR. HAWS:

That is probably correct, but then we would have to convert everyone to an HTML coder.

CHAIR BEERS:

No, you do not. You can use common tools such as Dreamweaver. It is "what you see is what you get" on-screen design and content entry.

MR. HAWS:

One of our challenges is collecting Website statistics. The underlying architecture and some of the tool set is not there to allow us to do that type of thing. We are hoping a better tool set will make it possible.

CHAIR BEERS:

Many of those are available online which you can download and load on your server if you are concerned about the responsiveness of the outsource server. There is a 20,000 link-checking tool enterprise license for \$1,200.

MR. HAWS:

There are many tools available.

CHAIR BEERS:

You have 50 people?

MR. HAWS:

We have two staff working specifically on the Website.

CHAIR BEERS:

You probably have at least 20 who maintain Websites for fun at home.

MR. HAWS:

We are attempting to achieve a site viable into the future.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 10

CHAIR BEERS:

Does this occur if you lock yourself to Microsoft Visual Studio and Cascade Server CMS? You are restricting your future flexibility.

MR. HAWS:

These tools are designed to help with content. I am referring to the content and the underlying architecture to help us.

CHAIR MCCLAIN:

Will this request support the entire Department?

MR. HAWS:

Yes, it will. This is intended to be used enterprise wide within the Department.

CHAIR MCCLAIN:

Is the Department required to file many federal reports?

MR. HAWS:

That is correct.

CHAIR BEERS:

Is the license required at the desk of each author?

MR. HAWS:

No, it is an enterprise license available to the 20 monitors and the IT staff. It is a tiered licensing scheme rather than a per seat charge.

CHAIR BEERS:

Upon what is the license fee based?

MR. HAWS:

The price is tiered based upon the number of users. The price per person drops as the number of users increase.

CHAIR BEERS:

How much does it cost to add a person?

MR. HAWS:

We anticipate between 20 and 25 people will access this software. If we add additional users, the cost will not increase until we hit the next step. I do not have the price list with me.

CHAIR BEERS:

I am looking at Cascade's Website and not understanding the tool magic. You are requesting \$25,000 for the CMS license. Do you know if it costs more to add a chair?

MR. HAWS:

The license is to cover the entire enterprise for those we anticipate will access the software. I will verify that information.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 11

CHAIR BEERS:

There is no cost to add a user?

MR. HAWS:

It covers the monitors we currently have, the IDP staff working on the Website and additional users without additional fees.

CHAIR BEERS:

There are many CMS packages available that do not cost this much.

MR. HAWS:

There are different products available; some cost more; some cost less. We are requesting one in the lower range for this type of tool.

CHAIR BEERS:

I would like to see, in addition to the page counts ... maybe your tracking system is not capable of doing that The one I use right now costs \$59 each year and provides a host of reports. You get geography and time reports; hours of the day; days of the week; which pages are entered and exited the most. I can click on a particular browser to see the pages looked at and for how long.

MR. HAWS:

It sounds like a fantastic tool.

CHAIR BEERS:

I am deeply concerned there is a lot of basic research that could reduce this project to achievable using the existing resources of 50 people and the extra money laying around your budget; particularly without any compelling quantified fiscal benefit or problems to be fixed. I would like more information.

MR. HAWS:

I will get that to you. The site is used heavily by many of our customers and a significant number of dollars come across the Website.

CHAIR BEERS:

That is a tribute to what the DETR has done and a reason to not change things if they are not broken. The redesign of Websites is down the list on Internet marketing.

Who will be driving the sport utility vehicles (SUV)?

MR. HAWS:

We are requesting two new vehicles for the Las Vegas area. The IT technicians travel from Henderson to North Las Vegas and as far out as West Charleston. We did have surplus vehicles which have been towed away. The staff uses personal vehicles. We have safety concerns with respect to vehicle maintenance and the equipment being transferred. The technicians transport personal computers and servers. Because the DETR has a fleet, the request is for alternate fuel vehicles as reflected in the pricing.

CHAIR BEERS:

Where are the servers located?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 12

MR. HAWS:

We have approximately 63 application servers. The majority are located in the Carson City data center. The servers are collocated to improve performance and throughput for file serving and e-mail activities. The main application servers that support the business programs are located in Carson City.

CHAIR BEERS:

Please provide the Subcommittee with a less expensive, revised recommendation to the alternative fuel SUVs.

We will close the hearing on B/A 101-3274 and open the hearing on B/A 101-3273. What is your primary statistical analysis software?

DETR - Research & Analysis – Budget Page DETR-13 (Volume II)
Budget Account 101-3273

WILLIAM ANDERSON (Chief Economist, Research and Analysis Bureau, Information Development and Processing Division, Department of Employment, Training and Rehabilitation):

We use a variety of software packages. A lot of it is software developed by the federal government as a result of our state/federal partnership. They have product-specific software we use to process data. We also have the common retail packages such as Microsoft Excel and forecasting software.

The Research and Analysis Bureau maintains, collects and disseminates volumes of information with respect to the State's economy and labor markets. We have a variety of client groups who use our information services: school-age children trying to make career decisions, university and private sector researchers, the business community and the economic development community. The Bureau partners with the federal government on a number of data and information programs. The most visible output of that partnership is found in the monthly unemployment release. Other information collected as part of the state/federal partnership concerns employment by industry and occupation wage information. We maintain an extensive database with respect to employees and employers covered under the State's unemployment insurance laws. Combined, all of these data-collection partnerships are funded with federal dollars. The Bureau also maintains the Nevada Career Information System (NCIS) which is a comprehensive, online career-planning tool designed to help Nevadans make informed career decisions and help them identify the skills and expertise necessary to be successful in today's labor markets. We also do internal work by assisting other departments, divisions and bureaus within the DETR in terms of data collection and analysis requirements. A lot of that work is mandated under the federal WIA. The NCIS, internal data collection and reporting requirements are funded internally via a series of cost allocations and direct transfers from other units within the DETR.

The Bureau has 29 full-time employees: 17 economists, 7 professionals and 5 professional support staff. We also have two intermittent employees who manage and oversee the various surveys, many of which are required under the WIA.

The Bureau is pleased with the results of its performance indicators. We strive for 95-percent customer satisfaction on a number of different fronts. In FY 2005-2006, we had 85-percent customer satisfaction with respect to various business associations utilizing our data. Those would be chambers of commerce, economic development authorities and the like. We had 100-percent satisfaction from the research community, both university and private sector consultants. We had 93-percent customer satisfaction from various career resource sites around the State. We strive to see the usage of our Internet resources increase. We budgeted for 5-percent growth but try to exceed that. In FY 2005-2006, we saw 20-percent growth in Internet usage. We are on our way to an impressive gain in FY 2006-2007.

The Bureau is not requesting new programs. The decision unit M-502 requests funding for two intermittent staff as they continue to satisfy the requirements under the WIA. The decision unit E-710 provides for the normal computer replacement.

M-502 Federal Mandate – Page DETR-15
E-710 Replacement Equipment – Page DETR-16

The jobless rate is creeping up. It is up about nine-tenths of a percentage point. Job growth has eased down to about 3.5 percent. We are still ranked near the top for job growth.

CHAIR BEERS:

Has there been a downturn in bar and restaurant growth recently as a result of the smoking initiative?

MR. ANDERSON:

We are monitoring that issue. We have identified two industry sectors that could be most impacted by the passage of the smoking question: slot route operators and small stand-alone bars. Together these businesses employ about 11,000 workers in the State. There are approximately 7,000 establishments within these two categories. Other industry sectors are likely to be impacted. We will be tracking the data as it is available in the postelection time period. We will also look at minimum wage impacts. We have estimated there were 55,000 workers who earned between \$5.15 and \$6.15 an hour. This is the wage range most likely impacted by the minimum-wage question. The analytical studies I am familiar with take a before and after look at minimum-wage laws. It is somewhat difficult to forecast the impact. However, we have identified some studies in which we are confident. The rule of thumb identified by the outside research was for every 10-percent increase in wage cost, there would be a 2.2-percent reduction in employment. Applying that rule of thumb to Nevada would translate to about 2,400 jobs. We are looking at the two questions and will be monitoring them for several months.

ASSEMBLYMAN HARDY:

Is the Bureau looking at career technical development in education?

MR. ANDERSON:

Indirectly, we are involved in that research. The most visible aspect of our involvement is through the NCIS. The Bureau markets this tool which is

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 14

available at 400 different career resource sites around the State. The Website was visited by 157,000 people last year; 35,000 Nevadans have created portfolios on the Website. Within the NCIS are volumes of information on apprenticeship programs, career and technical schools and traditional colleges.

MR. JOHNSON:

The intent of the WIA is to bring together different sectors of the economy such as education, labor, businesses and chambers, all pooling their talents and knowledge to identify the needs of the workforce. The majority of each of the boards, by law, must come from the business community which provides policy advice and assistance based on their business backgrounds in terms of workforce needs. We also have persons from the colleges participating in the decisions regarding allocating training and employment dollars.

ASSEMBLYMAN HOGAN:

The Bureau is federally funded. To what extent are you free to explore and generate data regarding things peculiar to Nevada or not required by the federal government? I have made inquiries in the past. I have been told the U.S. Department of Labor does not require the depth of information I requested. Can you determine the extent to which males and females of each ethnic background have entered particular industries?

MR. JOHNSON:

The Bureau's capabilities in those areas are growing. The local employment dynamics tool is available on our Website. It will allow you to go in at the county level, pull out labor market information with respect to job levels, turnover rates by industry, age and gender. We hope the next step will be along racial/ethnic lines. Another resource we will be highlighting, on a monthly basis on our Website, provides information on the demographic makeup of our unemployment insurance recipients. We have the capabilities to highlight where unemployment insurance claims are coming from by gender, industry, age, race and ethnicity. The construction sector represents about 11 percent of employment in Nevada. Recently, they have accounted for in excess of 25 percent of the unemployment insurance claims directly reflecting the difficulties in residential construction. We will be providing more demographic information. Our capabilities are expanding.

CHAIR BEERS:

We will close the discussion on B/A 101-3273 and open the discussion on B/A 101-2580.

DETR - Equal Rights Commission – Budget Page DETR-19 (Volume II)
Budget Account 101-2580

MAUREEN COLE (Deputy Administrator, Nevada Equal Rights Commission, Department of Employment, Training and Rehabilitation):

The Nevada Equal Rights Commission's (NERC) proposed budget does not contain program changes or additional staff. The maintenance and enhancement units are technical adjustments reflecting inflation and cost allocations. During the past two years, the number of cases closed has remained relatively constant with 1,171 cases closed in federal FY 2005 and 1,181 cases closed in federal FY 2006. During the same period, the pending caseload declined from

580 cases, with an average of 143 days, to 391 cases with an average age of 94 days. Significantly, the average time it took to close a case was 274 days in federal FY 2005 and 203 days in federal FY 2006. As of yesterday, March 14, 2007, there are 419 cases pending with an average age of 134 days. In the first five months of this federal FY, the average age of a closed case was 153 days. The NERC fulfilled its work-sharing contract with the Equal Employment Opportunity Commission (EEOC) for closures in federal FY 2005 and 2006. We are on track to meet the contract year for federal FY 2007 of 945 cases. To date, the EEOC has credited the NERC with 184 case closures and 157 closures are under review for credit. These results are primarily due to the priority change in handling procedures approved by the 2003 Legislature which were implemented with internal policies and protocols within the agency.

The NERC tracks four performance indicators. The percentage of cases formalized for investigation within 15 working days of receipt of the intake package has a goal of 80 percent; we achieved 73 percent in FY 2005-2006; through February 2007, 75 percent were formalized. The intake staff is working diligently to streamline the intake process. Because we cover the entire State and have two offices, one in Reno and one in Las Vegas, we coordinate with the JobConnect offices in the rural areas. People can use the fax, computers and telephones at the JobConnect offices to speak with intake staff and formalize complaints.

Another of the NERC's goals is to have 75 percent of the cases open less than 180 days. This performance indicator was reduced from 270 days for FY 2006-2007. To date, 85 percent of our cases are less than 180 days old. As of yesterday, the average age of pending cases is 134 days. By way of comparison, the EEOC's federal FY 2006 goal was 70 percent of private sector cases would be resolved in 180 days or less. They resolved 61 percent of their cases within that time frame.

The third performance indicator measured is the percent of intakes received over the Internet. Our goal is 30 percent of intake through the Web page. As of the end of February 2007, 29.6 percent of intakes came via the Internet.

The fourth performance indicator is the percentage of cases resolved through mediation. Our goal is a negotiated settlement for 30 percent of the cases in which both parties agree to mediate their dispute. Through February 2007, the NERC has achieved resolution in 25 percent of the mediated cases. The mediations have resulted in monetary benefits of \$710,722 to 127 individual complainants. In addition, there have been public benefits through those negotiated settlement agreements in terms of revised policies and procedures in a number of work places throughout the State, training for managers, supervisors and employees and a renewed commitment on the part of businesses to continue to operate as equal employment opportunity employers.

CHAIR BEERS:

Are there are changes in law or procedure the Legislature could make to increase the incidence of mediation resolution?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 16

Ms. COLE:

We have been looking at that more as an educational opportunity. I have not given any thought to codifying any of that kind of requirement.

MR. JOHNSON:

All agencies have been asked to review their rules of practice to ensure those rules provide prompt efficient administration. The NERC looked at how they investigate cases, how they adjudicate cases and set up specific rules for mediation. We have clarified that mediation is an option to forego lengthy and costly litigation. It helps the legal community, employers and persons alleging discrimination.

Ms. COLE:

The NERC will build on the areas where we have had success and address the areas where goals have not been met. The NERC will continue to provide quality investigations through staff training, investigative and case management techniques and new developments in the EEOC law. Greater efficiencies are made through the continuous improvement process and through increased emphasis on the benefits of alternative dispute resolution.

CHAIR BEERS:

Decision unit M-800 reduces expenses and increases General Funds.

M-800 Cost Allocation – Page DETR-21

MR. RAMIREZ:

This decision unit is an allocation of the DETR Director's Office, IDP and a small portion of Research and Analysis costs. It reflects a reduction in cost due to onetime costs adjusted out of the Base Budget. When we established the original funding, the maximum amount of the EEOC contract was brought in. We established that in the Base Budget. Any adjustments to decision units beyond the Base Budget were reflected in either increases or decreases in the General Fund because we have no more EEOC contract funds available.

ASSEMBLYMAN HOGAN:

A new EEOC field office was established in southern Nevada. Has there been a noticeable impact? Are they handling more of the employment-related complaints? Has there been a shift in public accommodations, housing or other elements of complaints?

Ms. COLE:

We have had a long partnership with the federal EEOC. It has been a cordial and beneficial relationship. The establishment of a local office has enhanced that relationship. The NERC has not noticed a change. That is probably due to the growth in the Las Vegas area. For example, in FY 2005-2006, the Commission brought in 971 new cases; so far, in FY 2006-2007, we are at 710 which annualizes out to 1,008 cases we would expect to formalize and begin investigating. I met with the director of the EEOC office in Las Vegas on Monday. She indicated they have two investigators. Each one of the investigators has a caseload of 100 cases. She has 200 cases that have not been assigned. They are taking in about 50 cases a month. Although that is a significant number, it does not seem to negatively impact the NERC work.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 17

ASSEMBLYMAN HOGAN:
Are your cases primarily employment related?

Ms. COLE:
The vast majority are employment. In the past few years, we have had about a dozen public accommodation cases each year.

CHAIR BEERS:
We will close B/A 101-2580. We will take the next two budgets, B/A 101-3268 and B/A 101-3156, together because the proposal is to roll B/A 101-3256 into B/A 101-3268. Mr. Johnson, will you explain why this is being done?

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

DETR - Office of Disability Employment Policy – Budget Page REHAB-9
(Volume II)
Budget Account 101-3156

MR. JOHNSON:
The combination is requested for administrative economy in terms of looking at the scope and function of the Office of Disability Employment Policy (ODEP) and to continue the good work the ODEP has done. The ODEP is one of our bright spots. You may recall from the last Session, the DETR made a commitment to this Subcommittee to work long and hard at improving the operations and performance of the ODEP. We did so. The ODEP is the only entity within the DETR to achieve all of its performance indicators and did so in commendable fashion. The ODEP has done a good job; continues to do a good job; and we look to bring it to the next level by providing administrative economies in executing the ODEP mission.

CHAIR BEERS:
Tell us about some of the Nevada State Use program successes.

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

The Rehabilitation Division has worked to improve the progress of the Nevada State Use program over the last two fiscal years. In FY 2004-2005, we did not have good data. The Use program expands employment opportunities for people with disabilities, not only for our clients but also working in partnership with the community training centers such as Opportunity Center and Washoe ARC. In rural Nevada, there are community training centers. In FY 2005-2006, we negotiated 15 contracts which employed 82 individuals with disabilities. The contracts were for document destruction, computer recycling and other types of services to provide employment opportunities for people with disabilities. Forty-three of the eighty-two positions were paid above minimum wage. We have 200 individuals employed with Use programs in FY 2006-2007.

We have exceeded the performance indicators. They deal with the Use program and other outreach programs to business and industry.

CHAIR BEERS:

We were concerned the minimum-wage law would close many of the programs.

MR. COLEMAN:

This problem has not been resolved. Speaker Buckley and others are working on legislation related to this question. There was an unintended consequence of the minimum-wage law. There is no provision for people unable to work at a minimum wage, but they do work and there is dignity in that work. To address people working at community training centers, a special provision would provide for payment below minimum wage to people not classified as employees. For our vocational rehabilitation clients, a successful outcome is when they earn minimum wage or above. The minimum-wage law is a constitutional amendment, so this change cannot be accomplished in a regulation.

CHAIR BEERS:

Did you say your measure of success is a wage above minimum wage? The minimum-wage issue impacts your program statistics.

MR. COLEMAN:

That is correct. The clients are doing real work.

CHAIR BEERS:

The workers are paid by piecework. If a nondisabled person could work at that piecework pay scale and exceed minimum wage, a disabled worker can work at that same piecework scale. They may not be able to get to the minimum wage, but this is a federal exclusion from the minimum-wage law that is not included in the constitutional amendment. The solution will revolve around defining these people as something other than employees. Are you aware of any Legislation to implement mandatory use language for government agencies?

MR. COLEMAN:

I am not aware of any Legislation; use is not mandatory. We are working to expand options. There is Legislation to increase reporting to us so we can report on the success of the Use program; but it is not mandatory to use the Use program products.

CHAIR BEERS:

We will move to B/A 101-3269. There are medical inflationary increases in decision unit E-250.

DETR - Disability Adjudication – Budget Page REHAB-17 (Volume II)
Budget Account 101-3269

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

MR. COLEMAN:

The Disability Adjudication works closely with and is funded by the Social Security Administration (SSA). The program is for disabled people unable to work. The client works with the local Social Security office to apply for disability. The files come to us for processing. We process in excess of 20,000 claims in a year. We have 100 professional full-time equivalents (FTE) to review the claims and work with Social Security on payments.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 19

CHAIR BEERS:

The medical inflation observed in FY 2004-2005 was smaller than forecasted. What was the actual case cost in FY 2005-2006?

MR. RAMIREZ:

The actual increase was 9.6 percent. In FY 2004-2005, the actual cost was \$81.54; in FY 2005-2006, it increased to \$89.33. We extended that through FY 2006-2007 to \$98; FY 2007-2008 to \$107 and FY 2008-2009 to \$117 based upon the 9.6-percent increase.

CHAIR BEERS:

To what do you attribute the low increase in FY 2004-2005 which was 3 percent?

MR. RAMIREZ:

I did not do an analysis on that. We did a comparison from FY 2004-2005 to FY 2005-2006.

CHAIR BEERS:

You are using the increase from FY 2004-2005 to FY 2005-2006 to project forward. Why is this percentage applied to client travel?

MR. RAMIREZ:

When we did the analysis, we looked at the cost of medical determination. One component of travel is getting the client to his examination, primarily by taxi. We did not do a general ledger account-level breakdown. The increase is 9.6 percent. Had we gone through it by general ledger account, some costs would have increased 20 percent, others 3 percent; overall, the average would be 9.6 percent.

CHAIR BEERS:

Can you explain the reclassification of a computer technician to senior physician?

MR. COLEMAN:

The need in the computer area has reduced. There are savings due to the reduction of contract services.

CHAIR BEERS:

Is the savings reflected in the budget?

MR. COLEMAN:

It is taken into account in the budget.

CHAIR BEERS:

Can you expand the pool of medical service providers to work around the 20-hour limitation?

MR. COLEMAN:

It is difficult to recruit people at that level of expertise. There was an Attorney General's Opinion stating we need to stay at 20 hours or less. We work with permanent and contract staff.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 20

CHAIR BEERS:

In decision unit M-101, has the federal Consumer Price Index for medical care been applied to medical consultants?

M-101 Inflation - Agency Specific – Page REHAB-18

MR. RAMIREZ:

That is correct. The Bureau of Labor Statistics' Consumer Price Index, as of May 2006, 5-percent inflationary rate was applied to the current cost per hour of the 14 doctor contracts.

CHAIR BEERS:

Does Disability Adjudication have contracts?

MR. RAMIREZ:

The contract value will be increased, per hour, by this 5 percent.

CHAIR BEERS:

Does the budget include a standard medical inflation factor?

MR. RAMIREZ:

This particular account does not have a prescribed rate for this type of inflationary increase. Certain agencies have a formula prescribed.

CHAIR BEERS:

The Versa Management contract services are increasing.

MR. COLEMAN:

A new electronic case management system has been installed at Disability Adjudication. It was federally mandated. We have gone paperless. It has full-scanning capabilities. There are 18 states working with Versa. This increase is related to the upgrade of the system.

CHAIR BEERS:

We will discuss B/A 101-3265. It appears all of the budget line items are being increased except client services. That is not what we want to do.

DETR - Vocational Rehabilitation – Budget Page REHAB-25 (Volume II)
Budget Account 101-3265

MR. RAMIREZ:

We proposed a comprehensive solution to resolve a number of issues for the funding of this budget account. We needed to fund the budget within the Two-Times Rule; achieve an appropriate client services ratio; fulfill the directions received from the 2005 Session which said to fill positions and implement aggressive and effective retention procedures; and maximize our federal dollars. We first balanced the budget within the Two-Times Rule by reducing client services.

In this account, there are only two areas which can be reduced and stay within the Two-Times Rule: salaries and client services. These are the only areas large enough. We did not choose salaries because that would not stay within our

desire to keep our positions filled and retain the momentum built over the 2006-2007 biennium. We reduced client services to bring us within the Two-Times Rule and then submitted an item for special consideration which had two objectives. The first objective was to restore client services at a minimum of the 2006 expenditure level. The second objective was to build capacity into the program and expansion of client services, as well as additional staff needed to get the client services out on the street. We submitted this budget to the Governor's office. The Governor agreed to fund the first objective, the restoration of client services at the 2006 level. However, like many other agencies that receive General Funds, the spending cap prohibited the full request made in items for special consideration. Although there are federal dollars available to achieve the increase in client services, they require a General Fund match.

If you look through this budget account, you will see there are no significant enhancements; at least none that would impact our ability to put client services on the street. The only enhancement of any note is the data warehouse which is funded with our SSA Vocational Rehabilitation reimbursement funds rather than any General Funds or Section 110 federal grant funding.

CHAIR BEERS:

I am looking at a 20-percent first-year increase in operating expenses.

MR. RAMIREZ:

The significant increase in operating expenses is tied to relocation to the new facility. Leased square footage in Las Vegas is expensive. We submitted a several hundred-thousand-dollar increase in operating expense to the Interim Finance Committee (IFC) in January.

CHAIR BEERS:

Can you give us more detail on information services? The amount has doubled.

MR. RAMIREZ:

This is the normal replacement of hardware. This particular account replaces the bulk of its equipment every five years.

CHAIR BEERS:

What about utilities; have they gone up that much?

MR. RAMIREZ:

Yes, they have. The work program submitted to the IFC indicates a number of category 59, Utilities, increases required based upon monthly utilities.

CHAIR BEERS:

What is the reserve?

MR. RAMIREZ:

The reserve is program income received as SSA Vocational Rehabilitation reimbursement. It is spent for one-shot expenditures such as the data warehouse. The Section 110 dollars are used for such things as expenditures, salaries, client services and operating.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 22

CHAIR BEERS:

The decision unit E-720 is funded by a reduction in case services rather than using the reserve.

E-720 New Equipment – REHAB-30

MR. RAMIREZ:

The amount in reserve can be used for case services and would appear in Category 32, SSAVR Reimbursement, rather than Category 9, Client Services. Based upon the amount SSA Vocational Rehabilitation reimbursement received, we would be able to provide some increase in client services.

CHAIR BEERS:

What should we do?

MR. RAMIREZ:

There is ample federal funding available. We have not accessed everything federally available. Our budget portrays what the State can match. If General Funds are available, we are capable of bringing in more federal dollars and increasing client services. We periodically sweep savings in all categories that are General Fund in nature and apply them to client services. We try to maximize the federal dollars received. We can only do that to the extent the State can match the dollars.

CHAIR BEERS:

This budget recommends a 25-percent increase in General Fund appropriations.

MR. RAMIREZ:

That is correct. If you look at the expenditures in FY 2005-2006 and the funding of decision units, once the Governor's office agreed we could restore client services to a certain level, additional increases were applied for cost-of-living increases, increases in fringe benefits and other increases. To fund increases to client services, we brought in a ratio of General Funds and Section 110. The FY 2005-2006 budget did not reflect the step 10 or the 4-percent increase; they were part of the IFC request. The Two-Times Rule was established based upon FY 2006-2007.

CHAIR BEERS:

How many users will the data warehouse accommodate?

E-586 Technology Invest: Maximize Internet & Technology – Page REHAB-29

MR. HAWS:

The data warehouse is used by a smaller group than online transactional processing for case management. Initially, this will be opened to 10 or 15 persons who will do analytical research and ad hoc reporting. We will increase the number of users depending upon the value gained. The Subcommittee has received a copy of "E586-DETR-RAISON Data Warehouse" ([Exhibit D](#)).

CHAIR BEERS:

Do you own the Oracle Warehouse Builder?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 23

MR. HAWS:

Yes, we do. We have the license but do not use it much. We want to take advantage of it.

CHAIR BEERS:

There is a \$25,000 request for a storage area network. Is the server memory for \$39,000 hard-drive space or random-access memory?

MR. HAWS:

The storage area network cost is correct. The memory is for two boards which includes a processor that is 8 gigabytes each board; we are adding that to an existing server to handle the data warehouse.

CHAIR BEERS:

Is the storage area network for hard-drive storage? How long will that suffice?

MR. HAWS:

We expect it to last five years. It is a large amount of storage but it depends upon the growth of the data warehouse.

LISA ERQUIAGA (Executive Director, Northern Nevada Center for Independent Living):

I am a representative and member of the Strategic Plan Accountability Committee (SPAC). During the past interim, the SPAC identified vocational rehabilitation funding as one of our top priorities to support during this Session. Despite the fact the unemployment rate among people with disabilities is over 60 percent, Nevada has continually left federal money on the table for vocational rehabilitation. The Division's budget proposes to reduce this funding shortfall. We have a duty to the taxpayers of Nevada and the staff of the Rehabilitation Division and all Nevadans with disabilities to draw down every federal dollar available to this program. I urge you to increase the Division's budget to the level needed to completely draw down Nevada's federal appropriation and maximize services.

CHAIR BEERS:

We will move to B/A 101-3254. The budget for client services has been reduced, but other costs have been increased.

DETR - Services to the Blind & Visually Impaired – Budget Page REHAB-33
(Volume II)

Budget Account 101-3254

MR. RAMIREZ:

The comments I made for B/A 101-3265 apply here. These two accounts are funded by the same federal funding source. The same set of circumstances occurred in both accounts as far as our approach to stay within the Two-Times Rule and the items for special consideration submitted to the Governor's office.

CHAIR BEERS:

In this account, you have the added expenditure for services provided by the Nevada JobConnect offices.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 24

MR. RAMIREZ:

Both accounts have staff in the JobConnect offices. It is a dynamic cost allocation based upon the number of FTEs located in any office. The Base Budget in this account did not adequately portray the amount of staff existing in the JobConnect system over the biennium.

CHAIR BEERS:

Is there any risk that client services will be reduced to pay for future costs of the JobConnect offices?

MR. RAMIREZ:

No, we have performed a thorough analysis of this account. The JobConnect expenses have been adequately represented.

ASSEMBLYMAN HOGAN:

As you look back on the process of formulating your plans for these budgets, where client services tend to decline, were they in the same condition as we are seeing today? Has the character of the original budget changed due to the budgetary limitations?

MR. RAMIREZ:

The driving factor in building this budget was the limited amount of General Funds and the ongoing increase in operating costs. Living within a cap does not recognize inflationary cost increases. There are only two areas where we can balance the budget: decrease client services or decrease staff. In either case, there is a potential degradation in client services.

CHAIR BEERS:

Decision unit E-805 reclassifies an administrative assistant I to an administrative assistant II. What responsibility and authority changes have occurred?

E-805 Classified Position Reclassifications – Page REHAB-38

MR. COLEMAN:

This position is shared between B/As 101-3254 and 101-3253. There has been an analysis and occupational study of the duties of the positions. Significant additional duties have been assigned. I can provide you with detail for each of the reclassifications requested. There has been increased accountability in record keeping related to inventory.

CHAIR BEERS:

Decision unit E-326 includes a \$30,000 federal grant. Will additional clients be served, or is it for services to existing clients?

E-326 Services at Level Closest to People – Page REHAB-36

MR. COLEMAN:

This decision unit provides authority to receive the grant. However, supported employment has been removed from the President's budget. Vocational Rehabilitation and Services to the Blind are time-sensitive services. There are people with disabilities who need longer-term support once they are employed. We are hopeful the grant will be received.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 25

CHAIR BEERS:

The Subcommittee has noted the improvement in drawing down on the Section 110 funding.

We will open the hearing on B/A 101-3253. We would like an overview of the status of the three new facilities during the 2005-2007 biennium.

DETR - Blind Business Enterprise Program – Budget Page REHAB-41 (Volume II)
Budget Account 101-3253

MR. COLEMAN:

The new facilities are in the Richard H. Bryan State Office Building and the Department of Motor Vehicles in North Las Vegas. We worked with the city of Las Vegas to negotiate a vending route which provides income for a blind vendor.

CHAIR BEERS:

Does the budget recommend use of the reserve to refurbish and equip two facilities in the first year and establish two new facilities during this next biennium?

MR. COLEMAN:

There is a remodel and a new facility in each year of the biennium. We are in discussion with a number of possible facilities.

CHAIR BEERS:

Is this the kind of thing that would be compromised by telling us what the prospects are?

MR. COLEMAN:

Some we are negotiating with are: the Washoe County Administration Complex remodeling; the Sparks Transit Center, the Regional Public Safety Training Center in Washoe County; Southern Nevada Adult Mental Health Services; Las Vegas Springs Preserve; the City of North Las Vegas; the Las Vegas downtown transfer station; and the Clark County Shooting Park. We look at the viability of each project and whether or not a living can be made.

CHAIR BEERS:

What if you could do three?

MR. COLEMAN:

That would be great. We are recruiting trainees. Many of the blind vendors are approaching retirement. We want to maintain and expand the facilities we have. Sometimes we bundle; for instance, the operator here at the Legislature does the Bryan Building because of the seasonal aspects of this facility.

ASSEMBLYMAN HOGAN:

Is there an opportunity for mentoring or otherwise encouraging prospective young blind vendors to work with someone considering retirement?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 26

MR. COLEMAN:

Yes, there is. Food service is not easy work. We try to get a match of aptitude, skills and ability and also a mentoring process with the trainees.

CHAIR BEERS:

We will close this budget and move to B/A 101-3258.

DETR - Client Assistance Program – Budget Page REHAB-48 (Volume II)
Budget Account 101-3258

There being no questions or comments on this budget, we will move to B/A 205-4770. What will be better with Employment Security's new telephone system?

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

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

Some of the integral parts of the telephone claims-taking process are no longer supported and are out of license. The new system will have additional functionality. It has the ability to digitally record calls for training and review purposes and for appeal hearings. During the last budget cycle, approval was received to convert from cassette-tape recording for the appeals function to a digital recording system. That has been integrated into this solution.

CHAIR BEERS:

Because Reno is hooked up, will there be savings in long-distance charges?

Ms. JONES:

Yes, there should be savings from putting them on the same telephone system. It also provides the digital recording capability for the appeals unit located in Reno.

CHAIR BEERS:

How much of a savings will there be?

Ms. JONES:

I will get that information to you.

CHAIR BEERS:

Has the long-distance telephone budget been reduced?

Ms. JONES:

No, it has not.

CHAIR BEERS:

In decision unit M-504, is the federal reimbursement received after the postage cost is incurred rather than in advance?

M-504 Mandates – Page ESD-4

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 27

Ms. JONES:

The federal government paid for postage with a permitting process. That support has been discontinued and is provided as an allocation directly to the states to encourage efficiency and reduce mailing costs.

CHAIR BEERS:

Do you think there will be savings as a result of the new process?

Ms. JONES:

There could be.

CHAIR BEERS:

Will this change the length of time it takes a client to receive mail?

Ms. JONES:

No, it will not.

CHAIR BEERS:

Decision unit E-250 recommends ten intermittent positions.

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

Ms. JONES:

The funding of intermittent positions for the unemployment insurance benefit programs is a traditional and integral part of this budget. These positions enable us to vary the staffing levels in response to the unemployment insurance caseload. It is lower than previous years due to Nevada's low unemployment rate.

CHAIR BEERS:

Why does Employment Security need SUVs? Are they alternative-fuel SUVs?

Ms. JONES:

The SUVs used are for rural Nevada. Alternative-fuel vehicles apply to southern Nevada. It is necessary to have the SUVs in rural Nevada because we do rural housing inspections for a variety of temporary labor camps. We do inspections at sheep camps and in agricultural areas.

CHAIR BEERS:

We will close this budget and open the discussion on B/A 205-4767. What is the policy regarding the training of company employees?

DETR - Career Enhancement Program – Budget Page ESD-10 (Volume II)
Budget Account 205-4767

Ms. JONES:

We work with companies through a Request for Proposal (RFP) process to provide incumbent worker training.

CHAIR BEERS:

Is this a reverse RFP, where the announcement says "Will give you money to train your employees?"

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 28

Ms. JONES:

That is correct. The RFP is targeted at occupations that are high growth, high wage and in demand to benefit Nevada's economy so employers can maintain a skilled workforce. The occupations are identified in *Nevada's Hot 50* as designated by the Department's Research and Analysis Bureau.

CHAIR BEERS:

What are some examples of this program?

Ms. JONES:

It is a relatively new program. We have 9 contracts in place targeted to train 319 workers. None of the contracts have been completed, so there are no results to report. We have a variety of employers and an organization from manufacturing to train crane operation. I will provide further detail.

CHAIR BEERS:

What do the crane operators do?

Ms. JONES:

This is with one of the larger billboard and sign companies in Nevada.

CHAIR MCCLAIN:

What were the people doing before they received training for another job?

Ms. JONES:

I will provide that information. Some contracts train new employees in an apprentice manner, while others upgrade the skills of current workers.

ASSEMBLYMAN GRADY:

This is a program used successfully in Yerington a few years ago. There was a new company needing specialized welding. Local welders were trained to work for that company. It was successful and the company is doing well in Yerington.

Ms. JONES:

It may not have been this particular program, but one of the other Division training programs. It is that sort of program; to help employers train locally and help with economic development incentives.

ASSEMBLYMAN HOGAN:

With respect to the programs that flow directly to employers for retraining, advanced training, and training new employees, are there record-keeping requirements for individuals not traditionally employed in a particular field such as women or minority groups?

Ms. JONES:

It is not a requirement to provide demographic data. We require reporting for retention of employees, promotions and wage gain. That is something we could require in the future.

CHAIR BEERS:

This is a program for existing companies with existing employees. Why are we increasing the use of the program in decision unit E-325?

E-325 Services at Level Closest to People – Page ESD-13

Ms. JONES:

This decision unit increases client service \$2.5 million each year; \$1 million will be for the incumbent workers' specialized training program. It is the same amount we budgeted in the last biennium. The remaining \$1.5 million is for general client services. As the unemployment rate is rising, we are seeing an increased demand for services. We have a work program before the IFC to augment the FY 2006-2007 training and reemployment assistance programs. In the Career Enhancement Programs for FY 2006-2007, we budgeted for 10,500 participants; we have exceeded 13,000 participants to date.

CHAIR BEERS:

That growth is for the regular career programs; we are having difficulty with the incumbent worker program. Public policy benefits for the new company programs and displaced workers training are clear, but the incumbent worker program is not clear. What is the public benefit?

Ms. JONES:

Difficulty was experienced using the Train Employees Now (TEN) program incentives because funds were required for unemployed persons rather than employed persons. Through the TEN program, the Commission on Economic Development and the 1999 change in statutes, funds can now be used for the incumbent worker. We agreed, in the last biennial budget, to expand the incumbent worker program to industries for training, retraining, or attracting and retaining a qualified workforce to enable companies to remain competitive in a global economy.

CHAIR MCCLAIN:

We are wasting not only federal funds but State funds too. I cannot believe you got this past the business community in 1999. Why are we taxing all businesses to help a few businesses retrain their people?

CHAIR BEERS:

This is a problem with legislation. Are you suggesting \$1 million each year of the biennium be used to expand the Incumbent Worker Program?

Ms. JONES:

The \$1 million maintains the program at the previous level. There were no base year expenditures.

CHAIR BEERS:

The enabling Legislation occurred in 1999. Did the incumbent program begin this biennium?

Ms. JONES:

That is correct.

CHAIR BEERS:

What was the motivation to begin the incumbent program this biennium?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 30

Ms. JONES:

The RFP was in development for some time. It took time to determine the best way to make the funds available and have beneficial outcomes for the business community.

CHAIR BEERS:

There is a request for intermittent workers in decision unit E-326.

E-326 - Services at Level Closest to People – Page ESD-14

Ms. JONES:

The Committee has received a handout describing decision unit E-587 ([Exhibit E](#)). We are requesting continued funding of the reemployment services program. This program was previously federally funded. The program reconnects those filing for unemployment with employment services. We are realizing trust fund benefit savings from \$2 million to \$4 million a year. The program reduces the time participants rely on unemployment insurance benefits.

CHAIR BEERS:

Are there any alternative funding sources to support this program? Why has the federal government stopped the funding?

Ms. JONES:

Federal funding for all workforce programs continues to be reduced.

CHAIR BEERS:

How much has this program saved the State? How can you determine the length of time an individual would have collected benefits were it not for this program?

Ms. JONES:

We compare the average number of weeks collecting unemployment benefits of those who participate in the program against those who do not participate.

CHAIR BEERS:

How many people are in each group? Is this an ongoing statistic?

Ms. JONES:

Yes, it is. The average duration reduction for each participant is approximately two weeks. The reduction, times the average weekly benefit amount, times the number of participants, results in a savings of \$2 million each year.

CHAIR BEERS:

Does that mean a participant collects unemployment benefits for 13 weeks rather than 15 weeks, or is it 3 weeks versus 1 week?

Ms. JONES:

The participant receives benefits for 14 weeks rather than 12 weeks. Those who participate in the program return to work an average of two weeks earlier than those who do not participate.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 31

CHAIR BEERS:
Do people choose to be part of this program?

MS. JONES:
No; sampling techniques are used based on occupational codes and expected exhaustion rates. There is a profiling model to help with the selection of claimants who are in high-wage high-demand occupations.

CHAIR BEERS:
Could the selection process be responsible for the reduction in unemployment duration?

MS. JONES:
It probably contributes. We continue to use the federal government's method to measure the success of the program.

CHAIR BEERS:
The reserve is decreasing significantly over the coming biennium. It is being used for the intermittent positions and the Incumbent Worker Training Program.

MR. RAMIREZ:
Statutes prohibit us from retaining a reserve greater than 90 days of operating requirements. We are encouraged to not build a significant surplus in this program.

CHAIR BEERS:
Can we use the funds for other programs? Is it legal to reduce the assessment to .04? Is the federal government involved in some way?

MR. RAMIREZ:
The statute could be changed. There is a calculation of the average experience rating. Employers are not subject to this once they exceed 5.4.

CHAIR BEERS:
Let the Subcommittee know if there is a legal problem with the federal government if the Legislature reduces the assessment.

MR. RAMIREZ:
We will get that information.

CHAIR BEERS:
We will close this discussion and move to B/A 235-4771. Decision unit E-587 recommends the use of reserve funds for a replacement study of the Unemployment Insurance Contribution and Benefits systems.

DETR - Employment Security - Special Fund – Budget Page ESD-17 (Volume II)
Budget Account 235-4771

E-587 Technology Invest: Maximize Internet & Technology – Page ESD-18

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 32

Ms. JONES:

The Division is requesting \$2.5 million over the biennium to do a study and develop the business and technical specifications for modernization of our Unemployment Insurance Tax and Benefits System which currently exist on 30-year-old platforms.

CHAIR BEERS:

Is this a technology study that uses federal funds?

Ms. JONES:

Yes, it is.

CHAIR BEERS:

We routinely conduct strategic studies on future technology for less than \$2 million.

MR. HAWS:

This is more than a study. It is the first phase of unemployment insurance modernization. We will develop our requirement definition and put together a master plan to acquire vendors with specific solutions to replace these systems.

CHAIR BEERS:

The Subcommittee thought the funds were for development of business and technical specifications for the replacement of the systems.

MR. HAWS:

In addition, we will be preparing the RFP to vendors.

CHAIR BEERS:

Will the outcome of this process be a winning bidder and you will bring that to the 2009 Session for funding?

MR. HAWS:

That is correct.

CHAIR BEERS:

Do you know how much Reed Act funding is available?

MR. RAMIREZ:

We currently have \$56 million.

CHAIR BEERS:

Will you be looking at other states' unemployment insurance systems in an attempt to find someone who has already accomplished the task?

MR. HAWS:

There have been some good solutions implemented in the last five years. We will look at those.

CHAIR MCCLAIN:

Did you ask the Department of Information Technology (DoIT) to provide the quality assurance at a cost of \$180,000?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 33

MR. HAWS:

That is correct. The DoIT requested we include the amount within the technology investment request. Since that time, it has been retracted.

CHAIR McCLAIN:

So the DoIT will not be involved. That will save \$180,000.

CHAIR BEERS:

The plan is to use reserve funding of \$2 million in FY 2007-2008 and \$500,000 in FY 2008-2009 for building maintenance. Is this the new building?

MR. RAMIREZ:

The DETR has seven buildings. We are hoping to sell the Incline Village facility. These funds provide the maintenance for the remaining six facilities, including the new building. There has been a budget modification to change the amounts. We discovered projects that were not included in the budget.

CHAIR BEERS:

Did the new building come with a paved parking lot, a roof, elevator, carpet, heating, ventilating and air-conditioning so these requests are for the older facilities?

MR. RAMIREZ:

The new building did come with some of those amenities; however, the landscaping and the covered parking are included in this request.

CHAIR BEERS:

We need the covered parking priced separately because we have a long-standing policy not to provide that amenity.

MR. RAMIREZ:

We will provide that information.

CHAIR BEERS:

Does the Budget Division know you included covered parking in the budget?

MR. RAMIREZ:

It was included in the detail of the budget request.

CHAIR BEERS:

Why were the Las Vegas administrative building phase II and drainage improvements not included in the capital improvement project consideration?

MR. RAMIREZ:

They were included, but the continued rising costs did not allow for the completion of these items. We went to the IFC to secure additional funds, but those funds were insufficient to complete both the building and the drainage swell.

CHAIR BEERS:

Did the State Public Works Board build this?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 15, 2007
Page 34

MR. RAMIREZ:
Yes, the State Public Works Board was the lead on this project.

CHAIR BEERS:
There being no further discussion to come before this Subcommittee, we are adjourned at 10:57 a.m.

RESPECTFULLY SUBMITTED:

Sandra K. Small,
Committee Secretary

APPROVED BY:

Senator Bob Beers, Chair

DATE: _____

Assemblywoman Kathy McClain, Chair

DATE: _____