

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Fifth Session  
March 2, 2009**

The Committee on Commerce and Labor was called to order by Chairman Marcus Conklin at 1:37 p.m. on Monday, March 2, 2009, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/75th2009/committees/](http://www.leg.state.nv.us/75th2009/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Marcus Conklin, Chairman  
Assemblyman Kelvin Atkinson, Vice Chair  
Assemblyman Morse Arberry Jr.  
Assemblywoman Barbara E. Buckley  
Assemblyman Chad Christensen  
Assemblywoman Heidi S. Gansert  
Assemblyman Ed A. Goedhart  
Assemblyman William C. Horne  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblyman Mark A. Manendo  
Assemblywoman Kathy McClain  
Assemblyman John Ocegüera  
Assemblyman James A. Settelmeyer

**COMMITTEE MEMBERS ABSENT:**

Assemblyman Bernie Anderson (excused)

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Dave Ziegler, Committee Policy Analyst  
Andrew Diss, Committee Manager  
Karen Fox, Committee Secretary  
Sally Stoner, Committee Assistant

**OTHERS PRESENT:**

Larry Mosley, Director, Department of Employment, Training and Rehabilitation  
Cynthia A. Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation  
Jon L. Sasser, representing Washoe Legal Services, Reno, Nevada  
Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation  
Greg Smith, representing Northern Nevada Operating Engineers, Jump Around Carson, Reno, Nevada  
Randy Canale, Coordinator, Pipe Trades Apprenticeship, Sparks, Nevada  
Jim New, Associate Dean, Applied Industrial Technology, Truckee Meadows Community College, Reno, Nevada  
Steve Holloway, Executive Vice President, Associated General Contractors, Las Vegas, Nevada  
Kristin McMillan, representing EMBARQ, Las Vegas, Nevada  
Howard A. Lenox, Jr., President, AT&T Nevada, Reno, Nevada  
Robert Gastonguay, representing Nevada State Cable Telecommunications Association, Reno, Nevada

**Chairman Conklin:**

[Meeting called to order and roll called.]

This is a stimulus hearing, part one. We will call Mr. Mosley and Ms. Jones from the Department of Employment, Training and Rehabilitation. Please proceed.

**Larry Mosley, Director, Department of Employment, Training and Rehabilitation:**  
Seated at the table with me is Cynthia Jones, Administrator, Employment Security Division (ESD), Department of Employment, Training and Rehabilitation (DETR), who will provide you with a brief overview of both the unemployment insurance and the training. I would like to state for the record that we just came off a teleconference call with the Regional Administrator from the

United States Department of Labor (DOL) and the numbers we will be giving you today are not specific, since we will not be receiving the guidance letter for another two weeks, but we expect the funding to be available March 19.

**Cynthia A. Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation:**

I am here today to discuss the impact of the American Recovery and Reinvestment Act (ARRA) on programs administered by DETR. There are different programs and requirements to access a variety of funding sources. The first program I would like to discuss is the extension of the Emergency Unemployment Compensation Program, which is a federal extension of unemployment insurance benefits. Currently, unemployment insurance recipients who run out of their regular state entitlement of a maximum of 26 weeks, are eligible for up to 33 weeks of federal extended benefits. The stimulus package extended the period during which individuals who have lost their regular benefits could apply for these federal extensions. Prior to the passage of the stimulus act, one would have to have exhausted benefits and applied for an extension prior to March 31, 2009. Now someone can apply for an extension until December 31, 2009.

Page 3 of the handout ([Exhibit C](#)) I have provided you explains the Federal Additional Compensation. This is the program whereby unemployment insurance benefits amounts will be increased by \$25 each week, whether for a regular benefit claim or an extension. This is funded 100 percent by the federal government and has no impact on Nevada's Unemployment Insurance Trust Fund (Fund).

Moving on to page 4, I would like to discuss the State Extended Benefit Program. While federal unemployment compensation extensions are designed to recognize difficulties in the economic picture at a national level, state extended benefit programs are designed to recognize economic downturns in individual states. Nevada "triggered-on" state extended benefits starting February 22, 2009. We are mailing out eligibility letters to those who may be eligible for the additional 13 weeks of benefits. The stimulus package waives the benefit year requirement. Typically for the state extended benefit program, a claimant would have to be eligible for a state extended benefit within one year of the beginning of the claimant's regular claim. When 33 weeks is added to the regular claim, it violates the allowed time frame. So, there would have been a pocket of claimants who would have been eligible for 22 to 26 weeks and would not have been eligible for state extended benefits had not this temporary waiver been put into federal law. All claimants who exhaust benefits through the federal extensions will now be eligible to participate in the state extended benefit program. The program also provides for 100 percent of reimbursement

of state extended benefits. Typically when a state triggers on to state extended benefits, 50 percent is paid by the federal trust fund and 50 percent by the state trust fund. A provision was included in the stimulus package that allows 100 percent reimbursement in certain circumstances, and the most recent opinion we have from DOL is Nevada currently qualifies for the 100 percent reimbursement. Therefore, any extended benefit claims we pay out between now and the end of the year will be fully reimbursable by the federal government.

Moving on to page 5, another provision of the stimulus package is a temporary waiver on loans to states that have depleted their trust funds. Ten or eleven states are already borrowing funds to pay unemployment insurance benefits because their trust funds have been depleted. Nevada's Fund is expected to be in the negative by the end of the calendar year. So, we will have an opportunity to borrow federal funds from the government to pay our benefits. This will waive interest until 2010. We would be borrowing funds dependent upon actions taken by the Employment Security Council in October, at which time the tax rate is set for the next calendar year.

**Chairman Conklin:**

Is the borrowing of these funds the normal course of your business? Are you requesting funding in a good period, hoping that you have enough funds during a bad period, but knowing if you run short, the feds support negative funding in the recognition that there will be a good period when you will pay that back?

**Cynthia Jones:**

Yes, Mr. Chairman. We try to adhere to the tentative counter cyclical funding and try not to borrow from the federal government and build our reserves during periods of prosperity. Unfortunately, like many states who thought they had enough money in their trust funds to get through the next financial difficulty, this recession has been different than we have ever experienced. Many states will have to borrow. Borrowing against the federal trust fund for unemployment insurance benefits is built into the unemployment programs so there is no stoppage of benefits to claimants.

**Chairman Conklin:**

Thank you.

**Cynthia Jones:**

On page 6, the handout reveals that the stimulus package provides a temporary suspension of federal income tax for the first \$2,400 of benefits received by a claimant for the tax year. There is no agency impact. We will process our normal 1099s, and this exemption will be handled via federal tax returns.

Moving on to page 7, through the Unemployment Insurance Modernization Act (UIMA) provisions of the stimulus package, a special \$500 million distribution is being made to states for the administration of unemployment insurance programs. Nationally, unemployment insurance programs have been under-funded by about \$500 million a year, or \$3 billion collectively, over the past six years. This part of the funding seems to make states whole in the administration of their programs and provides for the opportunity to implement some of the other modernization provisions. Through that distribution, Nevada expects to receive approximately \$5.2 million to \$5.4 million to augment our administrative funding. As the director has indicated, we are not ready to state what exactly that will be until we get confirmation of the amount.

The UIMA provisions also have some interesting hallmarks. Typically during periods of economic downturn, states are issued a Reed Act distribution from the federal government, which is an infusion of cash into state trust funds to be used to pay benefits or to be used for program administration if their legislators agree to appropriate those funds. This time, the Reed Act distribution came with some program expansion requirements. Nevada could be eligible for approximately \$77 million if it changes its unemployment compensation law to expand benefit eligibility in certain areas.

To access the incentive funds, the first one-third (\$26 million) would be paid to a state once it has demonstrated it has implemented an alternate base period. Right now for unemployment insurance, eligibility for claims is calculated on wages earned during the first four of the last five completed quarters. So, if a claimant were to file for benefits today, we would be using one year of wages through September 30, 2008.

If a claimant does not have enough wages to qualify using a standard base period, we could use an alternate base period by looking at the most recently completed calendar quarter that ended December 31 to determine whether adding that period would provide monetary eligibility for a claim.

The remaining two-thirds (\$51 million) would be available after a state has implemented an alternate base period which can be pulled from four different options: 1. When a claimant limits his work search to part-time; 2. If a claimant quits work under certain family reasons, such as domestic violence, to follow a spouse, or to take care of a family member; 3. If a state implemented a dependence allowance; and 4. If a state provides an additional 26 weeks of unemployment insurance benefits. To be eligible for the two-thirds portion of the incentive funds, a state must have two of the four provisions implemented. By policy, Nevada already has the first two provisions implemented, which are,

benefits allowed if a claimant limits his work to part-time employment or if a claimant quits under compelling family reasons.

**Chairman Conklin:**

Are you saying that there would not be a fiscal note because there is no change in the actual cost to the administration since we are already implementing items one and two?

**Cynthia Jones:**

Yes, Mr. Chairman. On these specific provisions, there is no requirement to put them in our statute. We can demonstrate compliance with this portion of the provisions of the UIMA through statute, regulations, or administrative policy. In order to have that portion of our program certified, we merely need to provide the federal government with copies of this policy. It is the alternate base period that requires a statutory change in order to have access to the first one-third of the incentive funds and implement the expansion to the program.

**Chairman Conklin:**

Since we already qualified for \$51 million, do we need to get everything in place to the federal government so they know we comply?

**Cynthia Jones:**

That is correct. We cannot have access, Mr. Chairman, to the \$51 million unless we implement the alternate base period, which is the gatekeeper to any of these funds. We need the statutory change to be eligible. We need to keep in mind that it is a program expansion, and over the long run, the cost of the program would be borne by the taxpayers or Nevada businesses through their contributions to the Fund.

I have hit the highlights with the unemployment provisions and would be happy to clarify any of those points if you would like.

**Chairman Conklin:**

Are there any questions from the Committee?

**Assemblywoman Buckley:**

I would like to have a chart which analyzes every provision of the bill to examine what is required of us to obtain the funds, what the ongoing liability is, and whether the program expansion makes sense for the state. Can we back up and do that quickly? For example, is there a state match requirement for the Tier I providing 20 weeks of extended benefits? Will all Nevada unemployed workers be available for that provision?

**Cynthia Jones:**

Yes, all that is required is for the Governor to sign an agreement with the DOL, which has already been signed. There is no cost to the Fund. It is 100 percent federally funded.

**Assemblywoman Buckley:**

How long is that going to last?

**Cynthia Jones:**

Under the changes in the stimulus package, one can apply for the federal extension through the end of December of 2009. Prior to the stimulus package, the last opportunity to apply for those extended benefits was through March 31.

**Assemblywoman Buckley:**

What about Tier II?

**Cynthia Jones:**

The answers are the same, Madam Speaker. We have already entered into the agreement. The opportunity to apply for Tier II benefits has been extended through the end of this year. There is no impact or statutory change required.

**Assemblywoman Buckley:**

Is this for everyone who has unemployment benefits that have not run out?

**Cynthia Jones:**

That is correct.

**Assemblywoman Buckley:**

Is a loan program next?

**Cynthia Jones:**

That is a temporary waiver of interest on any monies that are borrowed from the federal government to support benefits payments should our Fund run out of money.

**Assemblywoman Buckley:**

Are there any plans by the division to take advantage of that program?

**Cynthia Jones:**

Yes, certainly.

**Assemblywoman Buckley:**

What are the requirements for that program?

**Cynthia Jones:**

The process of applying for the federal loan is a two-page application we submit to the government 30 days in advance of needing the funds. The interest-free period is automatic. There is not a separate action to take in order for us to enjoy the zero percent interest rate as opposed to the normal 4 to 5 percent.

**Assemblywoman Buckley:**

When does the interest-free period end?

**Cynthia Jones:**

The interest-free period ends December 31, 2010.

**Assemblywoman Buckley:**

And then it is 4 to 5 percent?

**Cynthia Jones:**

Yes, Madam Speaker.

**Assemblywoman Buckley:**

Regarding the \$26 million for the alternate base period, how many more people would apply, how many more benefits would be payable, what is your cost-benefit analysis, and does it make sense in the long run?

**Cynthia Jones:**

We are gathering information on those questions right now. The 19 states that have alternate base periods in place now have anywhere between 1 percent to 5 percent increases to their payments out of the trust fund. It could be the difference of 2,000 to 10,000 additional Nevadans being eligible for benefits. We are working the best we can to narrow that range. The portion that is dedicated to the \$26 million alternate base period could fund the first six months of the program, or it could fund a year and a half of the program, depending on which end of the spectrum you look at.

**Assemblywoman Buckley:**

I notice the material indicates there cannot be a sunset or expiration date; however, the federal government could not prevent us from repealing any statute we would want in the future.

**Cynthia Jones:**

That is correct.



**Larry Mosley:**

That is absolutely correct. The DOL strongly submits to the states that they would expect for us not to repeal three years later, but there is nothing within the current language that would prohibit the state from doing so.

**Assemblywoman Buckley:**

Would the \$77 million come to the state?

**Cynthia Jones:**

Yes, Madam Speaker, that would be deposited into the Fund.

**Assemblywoman Buckley:**

What could that money be utilized for?

**Cynthia Jones:**

That money could be utilized to pay unemployment insurance benefits and, with legislative approval, administrative costs, capital or systems improvements, or things that are specifically designated for the administration of the unemployment insurance program.

**Assemblywoman Buckley:**

What is the extent of the General Fund appropriation in these budget accounts?

**Cynthia Jones:**

We receive no General Fund money anywhere in the Employment Security Division (ESD) for unemployment accounts.

**Assemblywoman Buckley:**

What would be the advantage to the ESD or to the State of Nevada for taking advantage of this? Is there a modernization program that you have wanted to do but never had the funds for? What is the cost analysis for the state to consider this?

**Larry Mosley:**

We are still analyzing what the cost-benefit of this would be. The downstream of this would be a perpetual tax to businesses a year afterwards. As we stated before, the federal government cannot mandate that the state not repeal this. But we could possibly experience \$12 million to \$24 million in additional taxes. We are still looking at the overall cost-benefit.

**Assemblywoman Buckley:**

Is this on top of the \$5.2 million augmentation of administrative funding?

**Cynthia Jones:**

That is correct.

**Chairman Conklin:**

While there has not been a cost-benefit analysis, there have been national studies done as to the impact of unemployment benefits being paid: a 2.7 multiplier. So, if we capture another \$80 million, we are roughly putting a quarter billion dollars back into our economy, which is never a bad thing.

**Cynthia Jones:**

National studies have shown that every \$1 of unemployment insurance benefits paid out generates \$2.15 of economic activity.

**Assemblywoman Buckley:**

There is also the human side of this. Folks who are part-time workers are not going to be able to find jobs.

**Cynthia Jones:**

Yes, Madam Speaker, there are definitely two sides of this whole discussion. On one side are the additional unemployed workers who are eligible for benefits. The other side is the policy issue concerning whether we want to expand programs during this period of economic difficulties. As a state, we are struggling to maintain minimum social services programs. It is definitely a policy discussion, and we have to weigh both sides of the equation.

**Assemblywoman McClain:**

Could you please explain the alternative base period?

**Cynthia Jones:**

When someone applies for unemployment insurance benefits, in order to determine if he has enough wages to qualify, we look at the first four of the last five completed quarters. So, if someone were to apply for benefits right now, we would use the year's wages that ended September 30, 2008. Under an alternate base period provision, if a claimant did not qualify for a claim using the normal calculation, we look at the wages in the most recent calendar quarter. If a claimant filed today, the wages earned between October 1 and December 31, 2008, would be added into the wage spread to see if he has enough wages to monetarily qualify for an unemployment claim.

**Assemblywoman McClain:**

So, you are basically adding a quarter?

**Cynthia Jones:**

Yes, it becomes an interesting process, because not all the wages are in at that time. It requires some human interaction to get those wage numbers.

**Chairman Conklin:**

Are there any other questions from the Committee? If there are others who would like to testify, please come to the table.

**Jon L. Sasser, representing Washoe Legal Services, Reno, Nevada:**

I have provided the Committee two handouts [[Exhibit D](#)] and [[Exhibit E](#)] from the National Employment Law Project (NELP) that walk through some of the opportunities that are presented to Nevada through the new stimulus package. From those materials, I would like to highlight a couple of opportunities for you. One is in the extended benefits program. As the Speaker was going through her list of points, one that was not fleshed out enough, in my opinion, is the state optional program that kicks in last. I think she is correct, from my understanding, that automatically, without doing anything, Nevadans can take advantage of the last program, with now 100 percent of federal funds because of the stimulus package, of 13 weeks. However, if you change in statute our triggering mechanism for that program, we can make it 20 weeks instead of 13 weeks. So, there is an opportunity to pick up seven additional weeks of benefits for our unemployed workers with 100 percent federal money, simply by changing the statute.

According to my research, it is not clear how rapidly that has to be done. Claimants currently on the program are going to run out of their benefits toward the end of this month. To avoid a gap in service, do we need to do something by the end of this month if we want to qualify claimants for the extra seven weeks? That had been my understanding from the NELP. Talking with Ms. Jones today, I understand she believes that we get an extra 13 weeks since we are going to qualify for 13 anyway. That may give us an extra 13 weeks before the deadline when we would have to act. I ask the Committee, very seriously, to change our statutory provisions under the extended benefits program. It may take an emergency action of the Legislature to give our workers seven extra weeks of 100 percent federal money.

The question has been raised whether or not at the end of this period, will we have permanently expended our program? When the federal government ceases to pay 100 percent, will the program go back to a 50-50 state match, and will we be on the hook at the end of the expiration of this program?

It is my understanding, from talking with the individuals at the NELP, that Nevada can put a sunset provision on the extended benefits program, and the federal government will pay 100 percent up to the end of this year.

Then, it will pay for an additional five months to anyone who is on benefits until the allotted benefits run out. So, if we carefully craft some sunset language, which the NELP has indicated that they would be happy to assist us with, I think we could be clear that we would never pay a dime in state funds by changing our definition.

**Chairman Conklin:**

Have you looked at the presentation that ESD just gave us?

**Jon Sasser:**

I have not seen their written presentation.

**Chairman Conklin:**

Is this the same benefit that Ms. Jones just mentioned?

**Jon Sasser:**

When the Speaker asked her to go back through the various steps, she discussed this program, but I do not believe she mentioned the opportunity for the 20 weeks instead of the 13 weeks.

**Chairman Conklin:**

Please proceed.

**Jon Sasser:**

The second opportunity we have is under the UIMA, which is an opportunity for Nevada to get \$77 million that would be 100 percent federal money. The purpose that Congress had in doing this was to offer the states a carrot to modernize their programs. Modernizing in their minds means adopting the alternative base period and providing two out of the four benefit expansions. As Ms. Jones explained, we are already doing two out of the four by policy. Therefore, in order to get the \$51 million, we do not have to do anything and not spend one extra dime, even if we modernized our program in the future. We would have to pass a law to use the alternate base period to qualify for the first one-third (\$26 million) of the UIMA funds. After using the federal funds, we would then have that expansion on the books where we would have to come up with the money to pay in the future. As Mr. Mosley indicated, we could by law repeal the statute if we wanted to.

A key factor to this issue will be how much the ESD estimates the alternate base period will cost. In the materials from the NELP, for most states the federal monies are expected to pay for seven years of the expansion before the state exhausts the one-time federal money up front. Because Nevada is already covering two-thirds of this expansion by practice, we may be looking at 10 or 12 years before we would have to consider repealing. It will be interesting to see how Ms. Jones will estimate the cost of implementing the alternate base period plan. Take that and divide it into the \$77 million and that is how many years of a free ride we will get before we would have to consider a repeal.

I think that this can be structured in such a way that we can pump this money into our economy, give this extra benefit to our workers, and if we wish we can do it in a way that will never cost us a penny in state dollars. The good news is that the money immediately goes into our Fund and therefore we would have \$77 million dollars less to borrow, which would be a savings to the state as well.

I have appreciated the conversations I have had with Ms. Jones as we have sorted through this technical issue together. If you submit a bill draft request for this and come back for a hearing on the bill, the personnel from the NELP said they would be glad to come to testify at their expense and answer any questions that the Legislature may have.

**Chairman Conklin:**

Ms. Jones, can you come to the table for some questions? Can the State Extended Benefit Program that adds an additional seven weeks and requires some triggering, be sunset?

**Cynthia Jones:**

If you could refer to page 4 of the handout I distributed, it specifies that the State Extended Benefit Program, which was just triggered in Nevada on February 22, 2009, provides an additional 13 weeks on top of the two federal extensions (Tier I and Tier II benefits). A statutory change to our trigger would allow us to add an additional 7 weeks to the 13 weeks of state extended benefits, making that a 20-week program instead of a 13-week program. With my very rough preliminary estimates, I would expect that if we change that trigger we would be bringing in another \$48 million of federal funds to the State of Nevada.

**Chairman Conklin:**

Can you provide my staff with exactly what trigger needs to be changed? Is this something you can simply illustrate to us now?

**Cynthia Jones:**

It is not that easy to demonstrate because the triggers are rather complicated, but it is a provision of *Nevada Revised Statutes* (NRS) 612.377. We would be happy to get some draft language to staff.

**Chairman Conklin:**

For the record, is this something that will cost the state nothing? Is this a matter of making the change; no fiscal note; \$48 million to extend the program?

**Cynthia Jones:**

That is my very rough estimate. That will not cost us anything, assuming that we sunset the language at the end of the period during which the federal government is willing to reimburse the state 100 percent. To leave that in place, respectively in future recessions, Nevada would be obligated to pay 50 percent of the extra benefits.

**Chairman Conklin:**

Are there any questions for Mr. Sasser?

**Assemblywoman Buckley:**

I think the problem is that the numbers add up to the same thing. So, first we have the 20, then the 13, and then the 7. Is that the progression?

**Cynthia Jones:**

Madam Speaker, it is 26 weeks for regular benefits, 20 weeks for Tier I of the federal extensions, another 13 weeks for the second Tier of the federal extensions, and the state extended benefit extension is 13 weeks, totaling 72 weeks. If we change the statute to grab the extra 7 weeks, we are up to 79 weeks of unemployment insurance benefits for a maximum duration claim.

**Assemblywoman Buckley:**

Is the final benefit the one that would be 100 percent participation now and then sunset so that the state would not have to incur the 50 percent later?

**Cynthia Jones:**

That is correct.

**Chairman Conklin:**

Is that a total of 79 weeks of benefits?

**Cynthia Jones:**

Yes, Mr. Chairman, it is a total of 79 weeks if we change the statute to the optional trigger that expands the state program from 13 to 20 weeks.

Otherwise, we are at a maximum of 72 weeks of benefits, approximately a year and five months.

**Chairman Conklin:**

Of those weeks that you just reiterated, are any of those dependent on the Unemployment Insurance Modernization incentive funds?

**Cynthia Jones:**

No, Mr. Chairman, they are not.

**Chairman Conklin:**

Will the state need to change its statute according to federal guidelines to access the first one-third of federal funds before it can garner all the money for the Fund to be designated for the 79-week program or anything else that we can statutorily use the trust money for?

**Cynthia Jones:**

That is correct.

**Assemblywoman Kirkpatrick:**

Where are the Nevada triggered state extended benefits?

**Cynthia Jones:**

Unemployment insurance benefits are paid through the Fund and are not a budgeted item. It is a separate trust fund for paying benefits. If it had not been for the stimulus package, we would be triggering on to that program as a function of our unemployment insurance rate right now. This would normally be funded 50 percent from the Fund and 50 percent from the federal fund. Because of the stimulus package, we have the opportunity to seek 100 percent federal reimbursement for those additional benefits payments through the end of this calendar year.

**Chairman Conklin:**

Are there any other questions from the Committee? There are none. Is there anyone in Las Vegas that would like to talk about unemployment benefits? Is there anyone in Carson City? Ms. Jones, we will move to the second part of your presentation on the workforce development ([Exhibit C](#)).

**Assemblywoman Buckley:**

Because I am attempting to develop my own list of any potential statutory changes, should we deem the alternate base advisable under a cost-benefit analysis? Are there any other potential statutory changes that we should put on our list other than the last seven week expansion with the sunset?

**Cynthia Jones:**

There are none that I am aware of.

**Chairman Conklin:**

Are there any other questions?

**Cynthia Jones:**

Before we move to workforce development, I wanted to mention again that we are prohibited from having a sunset in the Unemployment Insurance Modernization provisions. Nothing stops states from repealing that, but from the feedback we are getting from the federal level, DOL has strongly urged states not to consider that option. It was legislative intent at the federal level that those are permanent program expansions, but nothing would preclude a state from repealing those in the future.

I would like to move on to the Workforce Investment System Impacts on page 13 of the handout. Through the stimulus fund, approximately \$17 million will be received through the agency's budget accounts that will flow through to the local Workforce Investment Boards for employment and training services for adults, dislocated workers, and youth programs. One interesting provision of this formula of distribution of funds is the requirement that the state start a summer youth program, which has not been funded for many years at the national level. This will require some expeditious action on some work programs and contracts in order to have the providers ready to stand that program.

On page 14, our Rehabilitation Division expects to receive approximately \$4.2 million in additional funds. Unlike the regular funds received for those programs, there is no state match required. The normal funds the Rehabilitation Division receives to serve those with the most difficult barriers to employment require a four-to-one match of General Funds to federal funds. Fortunately, the stimulus money requires no state match.

**Assemblywoman Buckley:**

You are going a little too fast for me. Can we go back to the last page? Are the local boards you are referring to, for the \$17 million pass-through for the Workforce Investment Act formula grants, the same boards that have been in the news for not being the best administrators over the years? If so, what is our plan with regard to that? Do you plan on taking advantage of the 15 percent set aside for administration, infrastructure, and special projects, indicated on page 13? What does that mean? I want to know everything you know about every single one of these projects.



**Larry Mosley:**

There has been a big turnaround with the local workforce investment boards that were in the news two years ago both in northern and southern Nevada. The \$17 million broken down would be approximately \$3.3 million for adults, \$7.6 million for youth, and \$6.1 million for dislocated workers. There are programs in place strategically to encompass labor, community colleges, and the three boards, with DETR for the expenditure of these funds.

**Chairman Conklin:**

Was that adult \$3.3 million, dislocated worker \$6.1 million, and youth \$7.6 million?

**Larry Mosley:**

Yes, that is correct.

**Chairman Conklin:**

Are the funds going to the Workforce Investment Board program specifically, or is this literally a block grant that can be used for anything?

**Larry Mosley:**

They are formula driven. Yes, it is programmatic funding based upon formula. We have also been told there will be competitive grants in addition to these. Of the 15 percent of the funds that go through the Governor's reserve, 5 percent is for administration and the other 10 percent for specific programs supported by the Governor's Workforce Board.

**Cynthia Jones:**

When the funding for the administration supports the agencies responsible for the oversight and monitoring of the Workforce Investment Board programs, infrastructure includes the data systems that are required to track the data, manage the cases, and report the outcomes to the federal government. As Director Mosley indicated, a portion of the funds can be used for special projects and for employment and training initiatives that are supported by the Governor's Workforce Investment Board.

**Chairman Conklin:**

Is that the 15 percent?

**Cynthia Jones:**

That is correct.

**Chairman Conklin:**

Does the other 85 percent go to specific programs, such as apprenticeship programs?

**Cynthia Jones:**

Director Mosley indicates that is correct. There are some very specific rules on how the local boards use their money for a variety of services, such as employment and training and supportive services. They are targeted to certain populations, for example, dislocated workers who have been disconnected from the labor force through no fault of their own, adult workers who are re-engaging in the workforce, and youth programs as well. The end goal is the same: to provide the employment and training skills to ensure that our workforce has the skills it needs to obtain employment and maintain employment at a livable wage.

**Chairman Conklin:**

Is there a specific federal act requirement for which these funds will be used, or do all of the things you just listed in our own statutes, administrative code, policies and procedures through DETR and the workforce development board, need to be used to comply with that which is currently standing?

**Cynthia Jones:**

It is heavily federally directed.

**Chairman Conklin:**

How do we find out what the federal government has directed this for?

**Cynthia Jones:**

We can provide you with a number of documents that will give that information.

**Larry Mosley:**

After speaking with the Administrator for the DOL today, it is my understanding that several of these funds will also be directed toward green initiatives as well as green training. The department is looking at developing training sites in three different locations. In addition to this, looking at our partners within labor as well as the community, a task force has been put together that would be directing a lot of the training needs and a variety of training locations.

**Assemblywoman Kirkpatrick:**

Who is running the task force that is being organized? I have not heard about it.

**Larry Mosley:**

The DETR as well as a team that consists of Mr. John Ball, Executive Director, Southern Nevada Workforce Investment Board; Mr. Tom Fitzgerald, CEO of Nevadaworks; and President Michael Richards from the College of Southern Nevada, appointed by Chancellor Rogers. That represents all of DETR, and we are reaching out to labor as well.

**Assemblywoman Kirkpatrick:**

Last Sunday I had six phone calls on how to get money from the Workforce Investment Program. I was wondering how they knew about it since I have not heard about it yet. Who would be responsible if this is mismanaged again?

**Cynthia Jones:**

The oversight and management of the local Workforce Investment Boards are the responsibility of local elected officials in the designated workforce areas. In the event the funds are not appropriately spent and are disallowed by the state or by the federal government, the local municipalities would be responsible for their share of misspent funds.

**Assemblywoman Kirkpatrick:**

Are there not any legislators who sit in those meetings?

**Cynthia Jones:**

There are legislators who are assigned to the Governor's Workforce Investment Board, but the local Workforce Investment Boards are typically comprised of local partnerships, employment and training organizations, and local representatives of the municipalities and programs.

**Assemblywoman Kirkpatrick:**

I remember when youth, ages 15 to 18, could get jobs with local agencies, cutting down trees at Mt. Charleston. What are the parameters for the summer and regular youth programs?

**Larry Mosley:**

That is an excellent question. I know for a fact that all of the boards are looking for partnerships. There is a State Disability Insurance (SDI) program that is hosted by Clark County, and the local board is looking at expanding that program for internships. The faith-based communities are collaborating and working in conjunction with the Northern and Southern boards with the development of specific community types of programs. I worked with the Watts Labor Community Action Committee in the City of Los Angeles when I was in college, doing exactly what you stated. We are looking very closely to implement that model in Nevada. This is the first time in several years that the

state has had this type of money to use specifically for youth. Our challenge is that we are going to have 30 days to get this money out. From the DETR perspective, we are hosting town hall meetings tailored to talk specifically about how to use the funds.

**Assemblywoman Kirkpatrick:**

Based on this formula, it seems odd to me that we would double the money towards the youth instead of adults. Who came up with that formula?

**Cynthia Jones:**

That is determined by the federal government. Through the stimulus package, they would determine exactly what amount would go into each of the funding streams. One other note on the summer youth program: we know that so far they have increased the maximum age of participation from 21 to 24 years of age.

**Assemblywoman Kirkpatrick:**

What is the exact age range?

**Cynthia Jones:**

I believe it is 14 to 24 now.

**Assemblywoman Kirkpatrick:**

How are the funds broken down?

**Larry Mosley:**

I was told today that we will have clearer guidance on that, but the Administrator for the DOL strongly suggested that there will be specific guidance in the area of green and infrastructure.

**Assemblywoman Kirkpatrick:**

If you have 30 days to hand this money out, what kind of data requirements do the boards have?

**Larry Mosley:**

That is part of the federal government's transparency and reporting. Today the Governor is hosting a meeting specifically to have oversight of how the funds are spent. This information will be posted to a website, which will be the responsibility of Marty Ramirez from DETR. DETR will also have the overall responsibility for tracking the number of jobs that are available for people working within the agency boundaries.

**Assemblywoman Kirkpatrick:**

Since we are not invited to the town hall meetings, how will we be informed of the current progress?

**Larry Mosley:**

The town hall meetings are meetings that DETR will be hosting throughout the state. There will be a PowerPoint presentation of available funding sources. I would be happy to provide each member of the Committee with a personal briefing as we get specific guidance from the DOL by March 19 on how much money will be available for specific work programs and what the reporting requirements will be. We will make that information available to you in real time.

**Assemblywoman Kirkpatrick:**

As I mentioned, I was very frustrated last Sunday, when I had received several calls about this issue that I had not been informed of. I think the Legislature would be of better service to everyone if we were more informed.

**Larry Mosley:**

The term that has been utilized for this challenge is "nailing JELL-O." That is what we have been working with for the past several months. We are finally getting specific guidance from the DOL in terms of how much money is available for specific work programs and what the specific guidance and reporting requirements will be.

**Assemblywoman Buckley:**

The Governor's staff will be meeting every Monday afternoon. As they nail down the details, they are going to be working with our Fiscal Analysis Division to get that information. We will continue these hearings to make sure that we are all on the same page with regard to all the portions of the stimulus money. Our legal counsel and the Governor's Office agreed that because this is a gift and grant to the state it has to go through the legislative process. Because of that, we want to insure our accountability to our constituents. I think we heard with the federal Troubled Asset Relief Program (TARP) money, a human cry, including from some of us, about accountability with regard to those funds. So, we want to do all that we can to insure that we demonstrate transparency and accountability with every single program. We are going to have a lot of questions on the economic workforce issues, because these agencies have been known not to be the best stewards in the past. We need to make sure that those days are long gone before the money is released by setting up a mechanism to insure that we receive those plans for progress.

Senator Raggio, Senator Horsford, Assemblywoman Gansert, and myself, have set up a special committee of the Legislature to continue during the Interim to receive regular reports so we show that we are using the funds the best way we can to stimulate the economy to create jobs. I think that Assemblywoman Kirkpatrick's points are very well taken. The more information we can get earlier, the better, and we know that is your goal as well. We need to accelerate this, especially if there is any legislation that needs to be adopted because of our quick timelines.

**Chairman Conklin:**

Let us proceed to page 14.

**Cynthia Jones:**

Page 14 discusses \$4.2 million of additional funding being made available to the Rehabilitation Division, where no state match is required. Currently the funding formula requires a state match in order to receive the maximum federal funding available. The stimulus package also provides \$280,000 for the Older Blind Program, which doubles the current allocation, which means some of our programs are going to have quickly doubled their capacity compared with how they are currently operating.

**Chairman Conklin:**

What programs will this specifically go to, or is there a litany of programs?

**Cynthia Jones:**

I am going to defer to Deborah Braun who is the Administrator for the Rehabilitation Division. There will be more requirements on how that money is spent based on the current activities that are required of the Vocational Rehabilitation program to begin with.

**Chairman Conklin:**

Is the \$280,000 separate from the \$4.2 million?

**Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation:**

Yes, that is separate from the \$4.2 million.

**Chairman Conklin:**

Thank you. Please proceed.

**Deborah Braun:**

The \$4.2 million will go to the Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind and Visually Impaired. It is suppose to go to case services to help individuals who are disabled find employment.

**Chairman Conklin:**

Is that all of the \$4.2 million?

**Deborah Braun:**

Yes.

**Assemblywoman Buckley:**

What does that mean exactly? Is it to hire more case workers to work with individuals with disabilities or for occupational training?

**Deborah Braun:**

We do not have the specifics on that yet. I have heard rumors that it is not to go to any staffing but to be used for client services. We do not have any information from Rehabilitation Services Administration (RSA) on that yet.

**Assemblywoman Buckley:**

Do we have any timeline on when we will get guidance from the federal government?

**Deborah Braun:**

I have written to them and learned they do not have any written guidelines at this point. They said they will let us know when they have the information.

**Assemblywoman Buckley:**

Assuming that it is mandated to go to client services and not staffing, how do you envision that would be utilized knowing you would need staff to administer client services?

**Deborah Braun:**

I anticipate that I might have to contract some services in order to provide services to our clients.

**Assemblywoman Buckley:**

Who would be available to contract with in this area?

**Deborah Braun:**

There are a number of non-profit organizations that could provide us with some assistance, and there are private vocational rehabilitation counselors in the communities that can provide us with assistance now and in the future.

**Assemblywoman Buckley:**

With regard to our overall budget problems, certainly some of the entities that get hit the hardest are non-profit organizations like an Opportunity Village, for example. When donations are down because the economy is in bad shape, they are struggling to meet their core mission in these tough economic times. Would we consider a strategic investment with non-profit partners?

**Deborah Braun:**

Yes, we would be looking at that.

**Chairman Conklin:**

Ms. Jones, please proceed.

**Cynthia Jones:**

Page 15 states that through the stimulus package approximately \$3.2 million will be made available to the Employment Security Division's employment services. Approximately \$2 million of that is to be targeted towards re-employment services. We do not have the guidance on exactly what type of services will qualify for those funds. The remaining funds can be used for staff augmentation to provide services through our Nevada Job Connect System. The traditional employment service programs have been flat funded for a long period of time. This would provide us the opportunity to provide additional services to those who come to us for assistance. The volume of business in our urban Job Connect offices has increased over 34 percent this year alone. This additional funding will give us the opportunity for temporary staff expansion to provide services to those who come to us for employment and training assistance.

**Assemblywoman Buckley:**

What are re-employment services?

**Cynthia Jones:**

Re-employment services are services that are specifically targeted to unemployment insurance recipients in order to assist them in attaining employment as quickly as possible. Our re-employment services program had been funded by the federal government for a couple of years through the Career Enhancement Program. This might be an opportunity in the short term to be able to fund the re-employment services program through the stimulus program.



Through the re-employment services program, participants on average return to work two weeks earlier than those who do not participate in the program. This typically saves the Fund between \$3 million and \$5 million per year. The savings will go down during periods of high unemployment where there are fewer jobs available. Thus far, for the three years the program has been active by spending approximately \$400,000 per year, we have saved the Fund \$3 million to \$5 million per year. It is an opportunity to expand our programs in that direction.

**Assemblywoman Buckley:**

How do you get people to work two weeks earlier?

**Cynthia Jones:**

By engaging them in the services provided through the Nevada Job Connect System. Upon the separation of the Unemployment Insurance Program from Job Service Programs, by which unemployment claims are taken remotely by the telephone or the Internet, unemployment recipients are not in a local office where there is an employment services representative to help them look for jobs that may be listed with us and to help with resume assistance and job coaching. Re-employment services programs seek to reconnect those two programs. There have been some administrative and cost savings by providing unemployment insurance benefits remotely, but the opposite side of that equation is a disconnect where clients are not a captive audience to instant employment training services. Through re-employment services programs we call in various participants in the unemployment program to try to match them to available jobs and see what we can do to help them find employment earlier.

**Assemblywoman Buckley:**

Is that not harder to do when we have a recession since there are not that many jobs?

**Cynthia Jones:**

That is why you will notice in our performance indicators in our budgets, we had expected our re-employment services programs to save the Fund \$5 million in prior years and we have met that goal. We are projecting only \$3 million this year. Because fewer jobs are available, we will have less of an impact in this economy in getting people to work faster.

**Assemblywoman Buckley:**

Thank you.

**Cynthia Jones:**

Director Mosley alluded to that part of the stimulus package where states nationwide will have the opportunity to compete for a portion of \$750 million that is targeted to provide worker training in energy efficient and renewable energy industries as well as to provide for special projects that train individuals in healthcare sector careers.

**Chairman Conklin:**

I assume that you have staff working on how much money may be available to us and putting together programs to have access to this money.

**Cynthia Jones:**

This money may not be made available until 2010, and it will be a competitive grant process. Once the guidance comes out, we will seek to apply for our fair share. It will not be distributed based on a state entitlement, but on who puts forth the best projects. You will notice that part of our budget request is for a grant analyst as part of our workforce solutions unit that will help us apply for the grants. Currently we do not have any staff for this.

**Assemblyman Arberry:**

When in 2010 will this be effective?

**Cynthia Jones:**

I am not sure. The DOL has until 2010 to put out the grant opportunities.

**Assemblyman Arberry:**

Can you follow and check for us on that date?

**Larry Mosley:**

In the next two weeks we should have the guidance letter from DOL which should have specific timelines.

**Assemblyman Arberry:**

Thank you.

**Cynthia Jones:**

On page 17 there has been an expansion of what is called the Trade Adjustment Assistance program (TAA). This expansion is not expected to have a significant impact in the State of Nevada as far as we know. The TAA assistance provides additional unemployment benefits when regular claims have been exhausted and provides training for affected workers to be trained in a new industry. In Nevada, we currently have approximately 500 participants in the TAA. Through the adjustments to the TAA, this number is being expanded, not just to the

manufacturing industries, but also to service industries as well. Previously under the TAA, only with respect to jobs that were off shore or moved to countries where the United States was engaged in a free trade agreement, would workers have been eligible. Now it is to all countries. It should be interesting to see what the impacts are to Nevada. We hope to receive some federal guidance and information on what type of expansion that will be. This would also be a 100 percent federally funded expansion for the benefits and the staff to administer that program.

**Chairman Conklin:**

Did you say you had 500 participants currently in that program that includes only manufacturing, and it is fully federally funded?

**Cynthia Jones:**

Yes, Mr. Chairman.

**Chairman Conklin:**

Do you have any idea of how many people would be affected with the expansion?

**Cynthia Jones:**

No, Mr. Chairman, I do not. Not until we get guidance and information from the federal government.

**Chairman Conklin:**

Do they tell us or do we have to tell them?

**Cynthia Jones:**

Typically they are able to provide some information on federal studies, and we will have our research and analysis unit look at it as well when we obtain further information about the parameters. The only information I have currently is what is indicated on page 17 of the handout that you have. We will keep you informed as soon as we get additional information.

**Chairman Conklin:**

Thank you. Please proceed.

**Assemblywoman Buckley:**

Are these benefits to train the employees who had jobs that were shipped overseas and some healthcare re-employment? What does healthcare assistance mean? Is it assistance with COBRA?

**Cynthia Jones:**

Speaker Buckley, I believe it is assistance with COBRA benefits. It provides additional unemployment benefits for those who have used their regular unemployment benefits and provides retraining for industries where the employment outlook is viable as opposed to the industries that have left the area for another country.

**Assemblywoman Buckley:**

I am not sure this makes a lot of sense: to spend taxpayers dollars to retrain people whose jobs are shipped overseas as opposed to just cutting off the tax breaks for those employers who shipped jobs overseas.

**Chairman Conklin:**

Are there any questions at this point? Please proceed.

**Cynthia Jones:**

My final points of interest are not going to have much of an impact on our agency. There has been news about the Consolidated Omnibus Budget Reconciliation Act (COBRA) premium subsidy that might be made available to those who are currently unemployed, up to 65 percent of their premiums. This will be administered at the federal level and have no impact on the department. The Work Opportunity Tax Credit program, which is administered by the agency, may have a small program expansion whereby the division certifies the employer has provided employment for special segments of the population in order to get a federal tax credit. These special populations that these programs are extended to are veterans and disconnected youth. Whatever program expansion we experience will be 100 percent federally funded. There has been a change to the earned income tax credit that is related to the stimulus package that will have no impact on the agency. I do not understand the details of that. The credit will increase to 65 percent, from an amount I do not know, that is earned by low income workers who can apply for this tax credit.

**Chairman Conklin:**

I know this is going to be a tough question, but do you have any idea how much the COBRA premium subsidy might mean to Nevadans? The work opportunity earned income tax credits are not monies coming in, but money that stays here as opposed to being paid out. Do you have any idea what those program expansions will mean in terms of dollars staying in our economy?

**Cynthia Jones:**

I do not have any information on that. We have some estimates of what it costs at the federal level. As more information becomes available, we might be able to parse out a little better what the impacts will be on Nevadans.

Lastly, the last page wraps up what Director Mosley and I have been talking about all along. The funding numbers are estimates. I get new estimates every day, and they are like "nailing JELL-O to a wall," a term which is often used when discussing the stimulus package. Detailed program guidance has yet to be issued by the DOL. We have heard of a stimulus cleanup bill that could change some provisions. From what I have understood so far, it is to clean up anything that has dropped through the cracks or where there are questions regarding the application of portions of the stimulus package.

**Chairman Conklin:**

Are there any questions for Ms. Jones?

**Assemblywoman McClain:**

Because you have 30 days to distribute the money, what is the timeframe to determine whom you distribute the money to? Do they get to spend the next two years planning instead of doing their jobs?

**Cynthia Jones:**

It depends on the funding stream. The Workforce Investment Act money typically has a three year life span. Eight months of the three years has already expired because it is program year 2008 money, which is equivalent to state fiscal year 2009. There are different periods in which to expend different pots of money. The summer youth program must be stood up for this summer, and there will be specific guidance on our dates. They all have different expiration dates.

**Assemblywoman McClain:**

Does the adult worker program have deadlines?

**Cynthia Jones:**

The adult worker program will be treated as fiscal year 2009 formula allocations to the local workforce investment board where they have two years and four months left to expend those funds.

**Larry Mosley:**

The numbers that I am getting from DOL are 60 to 90 days from the time that the funds are awarded. I am told there will be an expectation to have programs in place. When we get the guidance from the DOL in the next two weeks, we will be able to have more clarity on that question for you.

**Assemblywoman Gansert:**

If we were to change our program from how we currently base our unemployment insurance benefits to the alternate base period, what would it

cost us? If we switched to the alternative method, getting no stimulus dollars, what effect would it have currently?

**Cynthia Jones:**

This is an area we are still trying to calculate. States with alternate base period programs experience anywhere from 1 percent to 5 percent increase in the Fund payout rate. If we were to look at the amount we are paying out of the Fund this year, which is approximately \$1 billion, a 1 percent increase would be \$100 million. It depends on where we end up in the range of the participation rate in the alternate period base program. One state that has a high construction industry component in its economy leans into the higher end, due to the seasonality of work. Those states that have high retail and hospitality components also tend to lean to the higher side of the cost of those programs. Since those are the three major components of Nevada's economy, it would not surprise me if our numbers come out on the higher side of the participation rate in this program. We still need more time to study the information to have a more accurate estimate between the 1 and 5 percent range.

**Assemblywoman Gansert:**

The range would be from \$100 million to \$500 million to meet this criteria?

**Cynthia Jones:**

It is \$10 million to \$50 million.

**Assemblywoman Gansert:**

Is the amount available \$77 million total?

**Cynthia Jones:**

That is correct. Through the stimulus package approximately \$77 million is what Nevada would be eligible for if we implement the alternate base period and the optional provisions which are already in place.

**Assemblywoman Buckley:**

The division is going to get back to us to see if we can further estimate if it is between 1 percent to 5 percent. Other particulars are that we cannot sunset it, and the Legislature is free to repeal it. The DOL prefers we do not, but they cannot bind future legislatures. Because we meet two out of the four optional categories in the \$51 million program we need to do a cost-benefit analysis, especially considering how much the \$77 million would help us and how long it would last through the next two years, and then bring that all back to future consideration as we do our cost-benefit analysis.

**Chairman Conklin:**

Are there any other questions?

**Assemblyman Manendo:**

Would veterans get any preferential treatment?

**Cynthia Jones:**

Through the Jobs for Veterans Act, veterans always have a priority of service through all workforce and employment training programs.

**Assemblywoman Buckley:**

The last thing I would like to bring up is the green jobs initiative. It will utilize and earmark some of these funds toward specific programs, such as the green energy jobs, which obviously we are considering and support. Rather than leaving these projects to our local entities, which do not have the time or abilities to engage in a more strategic planning approach, we will look at the jobs of the future and conduct that training. It might be helpful through our deliberations if, as you get further information, you would share it with us. I know you have already talked to Senator Horsford extensively as well. We were emailing back and forth about the different pots that are available to the state. I want to put on record that it is something we are examining very closely.

**Larry Mosley:**

That is an area that is very high on our profile list, and we are working very diligently on it. We have a workforce unit and our research division looking at the weatherization, retrofitting, and other jobs that could be available. We are meeting with a variety of corporations to understand what their specific requirements for green would be throughout the State of Nevada as well.

**Chairman Conklin:**

Are there any additional questions? There are none. Is there anyone else who would like to be on record in terms of the workforce development issue?

**Greg Smith, representing Northern Nevada Operating Engineers, Jump Around Carson, Reno, Nevada:**

[Spoke from prepared testimony ([Exhibit F](#)).]

**Chairman Conklin:**

Mr. Smith, is your organization examining the possibility of using any of the stimulus money for any of the apprenticeship programs we currently have in place?

**Greg Smith:**

Currently the workforce board has informed us that there are sufficient funds available. How quickly that is going to be adopted, we do not know.

**Chairman Conklin:**

Can that money be used for programs that you currently have in place for apprenticeships?

**Greg Smith:**

Yes. There are several programs, such as wind energy, although they are fairly new to us, that are technologies we will be working with.

**Chairman Conklin:**

Are there any questions from the Committee for Mr. Smith?

**Randy Canale, Coordinator, Pipe Trades Apprenticeship, Sparks, Nevada:**

We currently have 175 out-of-work employees who are trained in many of the green initiative positions and who are ready to perform the tasks immediately for green energy. We have a workforce that is ready and capable and who are trained in geothermal technology, hydroelectric technology, and retrofitting of buildings.

**Assemblywoman Buckley:**

That is why we need to be smart about this money. We can put a few of your folks to work to train the next generation in the jobs, and at the same time, utilize some of these funds to retrofit a public building or a school. It does not make sense to invest in training folks when there are no jobs. We can partner some of the funds for on-the-job training by retrofitting this building with solar panels and put some of your folks on the project to train new workers on how to do it. And at the same time while creating new jobs, we will be a lot better off, rather than training folks and having more folks at your hall.

**Chairman Conklin:**

Are there any other witnesses?



**Jim New, Associate Dean, Applied Industrial Technology, Truckee Meadows Community College, Reno, Nevada:**

We are in support of the apprenticeship programs. Truckee Meadows Community College (TMCC) over the past several years has enjoyed a cooperative relationship with the apprentice programs. As we enter into the new era of green technology, we at TMCC have established an associate degree in renewable energy, and we are looking at the stimulus plan for additional opportunities in alternative fuels and energy efficiencies. As we have in the past, we will be in a cooperative arrangement with the apprenticeship coordinators. We are working at optimum efficiency not to duplicate efforts throughout the market, especially in northern Nevada. I believe the other community colleges across the state also enjoy similar relationships with the apprenticeship programs in their locations.

**Chairman Conklin:**

Have you identified any new areas, or are you looking into the same pots of money that we have just heard about in the presentations so far?

**Jim New:**

We are looking mostly at the same pots of money that you have heard about today. It is all very new, and we are doing our best to synthesize it and determine what is there for us.

**Chairman Conklin:**

"Mostly" is a tough word for us. That means there is something else out there.

**Jim New:**

I will try to be more definitive. I have heard about the same things you have heard about.

**Chairman Conklin:**

If there is something else out there, now is a great time to get it on the record. Are there any questions for Mr. New? There are none.

**Steve Holloway, Executive Vice President, Associated General Contractors, Las Vegas, Nevada:**

It would help greatly if more information were provided to business and industry as these programs develop and as the money is made available from DETR. For example, we could take advantage of the COBRA aid if employers knew it was available. As employers lay off workers, they could refer them to this type of assistance. If there were a way DETR could keep the public, business, and industry informed, it would be helpful.

We are already equipped to do the training to enact the green jobs initiative. I am referring to Senate Bill 152, as we utilize the stimulus money that has been set aside to provide job training and promote energy efficiency in the use of renewable energy in Nevada. We are ready in southern and northern Nevada for training in these areas ([Exhibit G](#)).

**Chairman Conklin:**

Are there any questions from the Committee? There are none. We will move to the next agenda item, Rural Broadband. Do you have a preference for who goes first?

**Kristin McMillan, representing EMBARQ, Las Vegas, Nevada:**

I thought someone from the Legislative Counsel Bureau was going to be here to explain the provisions of the bill. Although I was not prepared to do that, I would be willing to give an overview if the Committee desires.

**Chairman Conklin:**

If you or Mr. Lenox can give us an overview, that would be great.

**Kristin McMillan:**

I can do that. As part of the stimulus bill, there are \$7.2 million in incentives which are identified to promote broadband infrastructure and adoption. There are two separate groups that the funds are going to funnel through. The National Telecommunications and Information Administration (NTIA), which is an agency of the Department of Commerce, will administer \$4.7 billion of funds that will go into that portion of the broadband aspect of stimulus. Then \$2.5 billion will go through the Rural Utilities Service (RUS), which is an agency of the Department of Agriculture. This will consist of grants, loans, and loan guarantees. The NTIA has a lot of unanswered questions. There are open meetings that have started today with the NTIA to define some of the terms that are in the stimulus bill.

Of the \$2.5 billion RUS portion of the stimulus, priority is to be given to unserved areas, which is an undefined term as of yet; current or previous borrowers; and projects giving users more than one service provider. Seventy-five percent of the funding goes to rural areas that lack sufficient speed for economic development.

The purpose of the NTIA's \$4.7 billion portion is to provide broadband to unserved and underserved areas and also to provide a wide range of social programs. The state has been given a defined role in that process, but the funding is to be technology neutral across various types of technologies. Private

companies, as well as state and other types of agencies, can come in and seek those funds.

**Chairman Conklin:**

Does the NTIA money come to the state, or is it a competitive grant process awarded to the state where it is allocated?

**Kristin McMillan:**

It is my understanding that the money goes to the NTIA and to the RUS. As far as I understand, the bill states that states are encouraged to meet with stakeholders and partners to assess community needs and aggregate demand for services and evaluate demands for technical service. Although the NTIA is going to make the ultimate decision and has sole discretion on the grants, it is expected to ask the advice of the state, for example, with regard to served and unserved areas and priorities for allocation of funds. I believe those questions may go to the states. We will know more information when we get through the open meeting and rule-making process with the NTIA.

**Chairman Conklin:**

Do we benefit by having the state apply for grants for a program that we have already sanctioned with the carriers? Does it give us an extra chance of getting more money if so much is going to be granted to the states?

**Kristin McMillan:**

That is an excellent question, and one that you will have to define as the process moves forward.

**Assemblywoman Kirkpatrick:**

Since Mesquite sometimes does not have fiber optics in order to transmit because they are too far from St. George and Clark County, is the economic development you mentioned earlier for getting grants to bring such areas online to help their economic development?

**Kristin McMillan:**

It is for those areas that are defined as unserved or underserved, even within Clark County. This does not apply just to traditional rural areas. The grants are going to be used to build broadband facilities, which are the transport facilities for voice data on video, to facilitate high speed Internet. So, it is really high speed Internet that we are talking about. It is getting high speed Internet out to unserved or underserved areas.

With that very high level overview, at this point I am going to give you EMBARQ's perspective. Although we are at the beginning of the process,

hopefully these comments will be helpful as you define how the state needs or wants to get involved in the process.

EMBARQ believes that the stimulus bill presents a very significant and important opportunity for the people of Nevada. This is both for people who are going to be able to find employment as these projects are initiated and also for those people who will benefit from the results of the projects themselves. EMBARQ encourages the state to be proactive in this process. Customers in various areas of the state, both in urban and rural areas, could benefit from stimulus. These include areas where broadband is not currently available because the economics of the area simply do not justify a build out without stimulus support and also in areas where broadband is available but could be improved or upgraded, which, of course, would provide additional choice for customers. I would like to note that although the agenda was titled Rural Broadband, the benefits are not limited to just what we consider rural areas. Rural is important in the process, but for the NTIA, the portion was written to allow stimulus to be utilized to serve both urban and suburban areas as well.

I mentioned the broadband bill is divided into two main categories. One of the priorities for the NTIA portion is to ensure that each individual state receives some of the support dollars. Because NTIA has a goal to give some of these funds to Nevada for broadband, the state should avail itself of this opportunity as soon as possible. The NTIA portion also specifically envisions a role for the states as I mentioned previously. EMBARQ believes that it makes sense for any state effort to be focused on the NTIA portion of the stimulus because of the specific role that the states were given in that process. This does not preclude companies from pursuing funds directly from the RUS portion of the broadband funds. Those could be used in Nevada as well. The primary factor is to move quickly. The NTIA portion has a clear preference for funding projects that can start within 120 days of enactment.

EMBARQ is working as we speak on identifying projects that would benefit customers and the working people of Nevada. We hope to have an initial list very soon since the overall goal is to put people to work very quickly, and we think an initial list of projects need not be comprehensive or minutely detailed. Rather it can form a basis for a general application for the state to submit to the NTIA to secure the funding. Later the state can make adjustments for the allocation of dollars on a project-by-project basis when more details are known.

To summarize our perspective on the bill, we believe the stimulus money for broadband is good. Every state is to receive some money, and Nevada should pursue a fair portion. Of the two sources, the NTIA has a more clearly outlined role for the states, which we believe the state effort should focus on. We are

working on defining projects and feel that the state should move quickly since NTIA wants to distribute the funds very quickly. It may be necessary to secure the funding now with a general understanding of the projects, whereas adjustments can be made to the allocations on a go-forward basis if necessary. EMBARQ is willing to work with this Committee and others to ensure these benefits are received in a timely fashion by the people of Nevada.

**Assemblywoman Buckley:**

Do you have any sense of how much money will be available to Nevada from the NTIA or the RUS process and how that compares to the need? I am not clear on what our holes are or what would be on the top of everybody's list to work in this area.

**Kristin McMillan:**

All that has been said at this point is that they believe at least one grant will be available to each state. Beyond that, I cannot tell you what that means in terms of dollars. I believe that the NTIA will request that we evaluate the demand and needs. I believe that Mr. Lenox is going to be speaking on the mapping process. I think that \$350 million was allocated in this bill to broadband mapping, which is important, and which we support. But, that is a means to an end, not the end itself because we want to realize the benefits of this bill as quickly as possible for the people of Nevada.

**Chairman Conklin:**

Another note of things we need to consider is that this is a competitive grant process; we recognize that there is money available to every state; and states will be instrumental in getting the money in terms of choosing the projects. It does not make sense for the state to actually apply for a bigger pool of money. We want to make sure that broadband is available in every educational district across our state, so we are going to apply for a pot of money, \$250 million. Then as each individual project comes up, that agency can apply to the state for that money, which we have already garnered. That would be one way for us to help direct the money to a project that we think needs to be done.

**Kristin McMillan:**

As I mentioned, the NTIA is holding open meetings on this process. I believe they started today, and I can get you some information on how someone from the state might take part in that process. There is an opportunity for the states to give input during the public process. I would encourage someone to get involved.

**Chairman Conklin:**

I realize that your company is involved at the federal level as well. As you receive updates and these meetings flesh out some of the details, certainly getting the information to me and my staff, so that we can distribute it to the members of this Committee as quickly as you get it, would be most beneficial.

**Kristin McMillan:**

We would be happy to do that.

**Howard A. Lenox, Jr., President, AT&T Nevada, Reno, Nevada:**  
[Spoke from prepared testimony ([Exhibit H](#)).]

**Assemblywoman Buckley:**

What department of the state executive branch knows the most about broadband?

**Howard Lenox:**

I thought a lot about that question. I looked at other states that have already been through this process because I frankly am not fully aware of capabilities of all the executive branch departments. Kansas assigned this to the Department of Commerce. Alabama established a Governor's policy office subcommittee to work on this. For California, I used a public-private task force. Ohio established a controlling board that was managed through the Governor's office. That is how each of those states approached the question. I am not certain if the real question is where should this reside? I am not certain if I am qualified to say where it resides. I do not think it should reside with the Public Utilities Commission (PUC), which is in no way a criticism or comment about the PUC other than in 2003 the Legislature passed Senate Bill No. 400 of the 72nd Session, which removed the PUC oversight for broadband. We are not suggesting that it should go there, but I do not feel I am qualified to tell you where it should be.

**Assemblywoman Buckley:**

The funds should not go for a lot of planning, task force development, and putting a lot of folks to work within the industry. Do you know what the greatest need will be? Would the trade associations have a sense of what your priorities would be in light of what you think the state's needs are?

**Howard Lenox:**

We of course are constantly evaluating where we have our network deployed. We will have a good sense for the footprint we serve. On behalf of the entire industry, the Nevada Telecommunications Association, I am certain, will have some ideas of rural areas where there is an opportunity to pursue these

projects. While I understand the desire to act as opposed to plan, it is our understanding, as we have read through the bill, the key to be able to apply for the grants is the broadband mapping project.

**Assemblywoman Buckley:**

It seems that we need to come up with a comprehensive program for mapping broadband expansion and improving computer ownership, similar to the One Laptop per Child program for underserved, poor areas to test it out. It seems that we would have that already prepared, but maybe we do not because there is no centralized agency conducting the planning. So, no one from the state has taken a comprehensive look at this. Is that an accurate statement?

**Howard Lenox:**

If I understood you correctly, yes, we have the component parts for the footprint that we are responsible for, but I cannot speak about what has been done on behalf of the entire state within the state agencies. I think that we all have the parts, and we simply have to sit down when we fully understand what the bill says and know what it allows us to do and what the mechanisms are for accessing those dollars. Then it becomes a question of putting the parts together in a cohesive statewide plan.

**Chairman Conklin:**

One of the interesting points is broadband is literally infrastructure, and it is vital. There are many businesses in Las Vegas that could not operate without broadband. Many European countries are so far ahead of us in terms of broadband availability, but we have not built that out. We do not have an agency that oversees broadband. I am not suggesting that you need agency oversight, but centralized planning to make sure that the infrastructure exists would foster growth and business.

**Assemblywoman Kirkpatrick:**

In the 74th Legislative Session a bill came before us in Government Affairs that said we did not have radio transmission for 911 across the state. They were able to give us a map very quickly. How fast could you get the mapping process together? I would bet, between the three largest entities, it could get done very quickly. I believe last session we passed legislation that allowed for the provider as last resort, so you could be working together. We must have some mechanisms in place. Because of the process with 911, we know where the holes are across the state. If we cannot get radio service, then we surely cannot get anything else.

Mesquite and Laughlin are so close, yet so far away they cannot seem to get it right to bring in the right jobs. If we are giving away dollars for infrastructure,

through economic development, could we not work within the agency to promote businesses to come forward and look at the problem?

**Howard Lenox:**

I am not certain that the 911 issue is one to be a clearinghouse for all of the information at the state level. I am not aware that is the case for broadband. I believe that each of us in the industry would be able to fill in the blanks for those portions of the overall map for broadband. We would be able to map for areas we are currently serving. If you are asking, can we get this all together, the answer is yes. We do not need to create it from whole cloth. We each have our information, and it will be a matter of what is the eligible entity, what will the clearinghouse be, and what will be the structure of our approach.

**Assemblywoman Kirkpatrick:**

What is the clearinghouse for the 911 emergency? I believe that is a huge security issue across our state, and I believe that Internet service will also become a big security issue. Is mapping a temporary process? Do you have to do it only one time?

**Howard Lenox:**

That is correct, it gives you a baseline.

**Assemblywoman Kirkpatrick:**

It was going to take the northern Nevada water folks seven years to pull together their planning map. Amazingly, they did it in nine months once we helped them along on how the process would work. I think we could do the same thing with this. I would bet the cost would be very minuscule, so we could spend the money in other ways. Would that be a fair statement?

**Howard Lenox:**

All we would need to know is who we will be working with and what data will be required in order to do the map. We are focusing on one part of the bill. The mapping establishes the baseline for where the needs are as they relate to broadband.

**Assemblywoman Kirkpatrick:**

Mr. Chair, can we ask staff to let us know who they are currently working with, since that is a consistent piece of the pie?

**Chairman Conklin:**

Are there any other questions for Mr. Lenox or Ms. McMillan? Is there anyone wishing to make public testimony with respect to rural broadband?



**Robert Gastonguay, representing Nevada State Cable Telecommunications Association, Reno, Nevada:**

To address Ms. Kirkpatrick's question regarding how quickly it takes to get the mapping done, I have received from a comrade at ConnectKentucky that their mapping started in 2002 and did not finish until 2007. It is a lengthy process, although I understand that Connected Nation has refined it.

**Chairman Conklin:**

Are there any questions from the Committee for Mr. Gastonguay? There are none. Is there any public comment for the Committee at this time?

Tentatively, we are going to move Water, Wastewater, Flood Control, and Legislative Counsel Bureau wrap up for provisions that we need to take actions on, to Wednesday. I would like to see the folks who did not get a chance to testify today in my office immediately following adjournment of this meeting to coordinate for the hearing.

Meeting adjourned [at 3:54 p.m.].

RESPECTFULLY SUBMITTED:

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Karen Fox  
Committee Secretary

APPROVED BY:

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Assemblyman Marcus Conklin, Chairman

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

**EXHIBITS**

**Committee Name:** Committee on Commerce and Labor

**Date:** March 2, 2009

**Time of Meeting:** 1:37 p.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
	C	Cynthia Jones	Summary of the American Recovery and Reinvestment Act (ARRA)
	D	Jon L. Sasser	National Employment Law Project, Question and Answer on The Economic Recovery Bill
	E	Jon L. Sasser	National Employment Law Project, Question and Answer on The Unemployment Insurance Modernization Act
	F	Greg Smith	Written testimony
	G	Steve Holloway	Written testimony
	H	Howard A. Lenox, Jr.	Written testimony