MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON HUMAN SERVICES/CAPITAL IMPROVEMENT PROJECTS

Seventy-Fifth Session
May 7, 2009

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Human Services/Capital Improvement Projects was called to order by Chair Sheila Leslie at 8:43 a.m. on Thursday, May 7, 2009, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, 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/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Sheila Leslie, Chair
Assemblyman John Oceguera, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblywoman Heidi S. Gansert
Assemblyman Joseph (Joe) P. Hardy
Assemblywoman Debbie Smith

SENATE COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chair
Senator Bernice Mathews
Senator William J. Raggio

COMMITTEE MEMBERS ABSENT:

Assemblyman Morse Arberry Jr. (excused)

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Janice Wright, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Leslie explained the Subcommittee would hear budget closing issues for the Division of Welfare and Supportive Services, and upon completion of those items, would hear budget closing issues for the Division of Health Care Financing and Policy.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF WELFARE AND SUPPORTIVE SERVICES
WELFARE-TANF (101-3230)
BUDGET PAGE WELFARE-17

Mark Krmpotic, Senior Program Analyst, Fiscal Analysis Division, explained budget account (BA) 3230 Temporary Assistance for Needy Families (TANF) was heard but not closed by the Subcommittee on April 24, 2009. The primary closing issue in the TANF account was the question of remaining funds available.

Mr. Krmpotic reviewed the basic issues in BA 3230. The funding for BA 3230 was comprised of the TANF Block Grant, General Funds, and a supplemental grant tied to population growth in the state. The supplemental grant was phased out beginning October 1, 2008, pursuant to the Deficit Reduction Act but reauthorized by Congress for one year beyond its planned termination. Based on the passage of the American Recovery and Reinvestment Act of 2009 (ARRA), the supplemental grant was extended through federal fiscal year (FFY) 2010 (October 1, 2009-September 30, 2010). It was uncertain whether Congress would extend the funding beyond that time.

Mr. Krmpotic explained that given the uncertainty of receipt of the supplemental grant in fiscal year (FY) 2011, the Fiscal Analysis Division staff recommended that the Subcommittee exclude $2.8 million from its estimation of the TANF reserve at the end of the 2009-2011 biennium. He pointed out Nevada would be eligible to receive $18 million based on caseload growth and the cost of providing cash assistance cases, based on a formula included in the ARRA. As a result of the receipt of the $18 million of ARRA funds, the General Funds recommended by the Governor of $4.4 million in FY 2010 and $7.5 million in FY 2011 could be removed from the budget and replaced with TANF ARRA funds.

Mr. Krmpotic said based on the receipt of the Emergency Contingency TANF ARRA funds of $18 million, and the removal of combined General Funds of $11.9 million, approximately $6.1 million in uncommitted TANF funding would be available. Exclusion of the supplemental grant in FY 2011 of $2.8 million resulted in approximately $3.3 million in TANF funds available at the end of FY 2011. The $3.3 million balance took into consideration technical adjustments of $420,627 each year to align transfers to Title XX and a reduced TANF reserve estimate at the beginning of the 2009-2011 biennium from $15.1 million to $14.1 million.

Mr. Krmpotic said numerous closing actions were approved at the April 24, 2009, meeting of the Subcommittee. The Fiscal Analysis Division staff ascertained that the closing actions in the Field Services and Administration accounts reduced TANF funding by approximately $500,000 over the 2009-2011 biennium. Since the April 24, 2009, meeting, the Fiscal Analysis Division staff received revised cost-allocation information pertaining to the availability of TANF funding. The cost allocation was calculated by the Division of Welfare and Supportive Services (DWSS), was a federally certified plan, and was the basis for providing funding at different levels from various federal funding sources and General Funds to the Administration and Field Services accounts. The revisions were based on calculations developed by the DWSS through the third quarter ending March 30, 2009. The Fiscal Analysis Division staff historically updated the budgets of the DWSS based on the most recent cost allocation.

It appeared that over the biennium, the Administration and Field Services accounts would receive $2.6 million of increased TANF funding after the closing adjustments approved by the Subcommittee on April 24, 2009. The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance made decisions regarding decision unit Enhancement (E) 670 in the budget accounts for Administration and Field Services. The Governor's recommendation resulted in reductions in TANF funding in decision unit E670 over the 2009-2011 biennium. Based on the Subcommittee's actions regarding approval of 12 furlough days for employees and removal of the Spending and Government Efficiency (SAGE) Commission's recommendations for active employees' group insurance and retired employees' group insurance, approximately $1.6 million in additional TANF funding must be directed to Administration and Field Services to fully fund the decisions made by the Joint Assembly Committee on Ways and Means and the Senate Committee on Finance.

Mr. Krmpotic provided a table which outlined the adjustments he discussed.

TANF BALANCE	**2009-2011 BIENNIUM**
Unspent TANF Funds (Excluding Supplemental Grant)	$3.3 million
Subcommittee Closing Actions	$0.5 million
Cost Allocation Shift	($2.6 million)
Decision unit E670 Series	($1.6 million)
TANF Balance	**($0.4 million)**
Caseload Adjustment	$1.6 million
TANF Balance	**$1.2 million**

Mr. Krmpotic said based on the availability of TANF funding and the adjustments he discussed, there would be a $400,000 TANF deficit reserve at the end of the 2009-2011 biennium.

Mr. Krmpotic outlined some key decisions about the availability of TANF funding over the biennium for the Subcommittee. The first item was amendment ARRA3228 which proposed a reduction of General Funds by $1.3 million in FY 2010 to reflect the application of federal TANF funding to the TANF-eligible portion of the Technology Investment Request (TIR). Budget amendment ARRA3228 also proposed the reduction of General Funds of $259,848 in FY 2010 and $309,124 in FY 2011 to reflect the application of federal TANF funding to the TANF-eligible portion of new information technology positions recommended in the Administration account. This budget amendment was based on a larger TANF balance at the time it was submitted, but because of the current lack of available TANF funds, the Fiscal Analysis Division staff recommended the Subcommittee not approve budget amendment ARRA3228.

Mr. Krmpotic said the second item dealt with caseload projections previously reported by the Fiscal Analysis Division staff at the April 24, 2009, meeting which would have resulted in reductions in TANF funding of $2.3 million in FY 2010 and $1.1 million in FY 2011. The numbers reported on April 24, 2009, did not include updated employment projections. Based on the inclusion of the updated employment projections, the revised caseload projections resulted in a savings of $2.3 million in FY 2010 and an increase of about $775,000 in FY 2011 (a net savings of $1.6 million over the biennium). Mr. Krmpotic said the Fiscal Analysis Division staff recommended approval of the revised caseloads which would result in a $1.2 million remaining balance of unspent TANF at the end of the biennium.

Mr. Krmpotic said traditionally there was a reserve of TANF funding that remained in the budget at the end of a biennium to address any sudden shifts in caseload or any other unforeseen circumstances. A 5 percent reserve of the TANF Block Grant would be about $2.2 million. The Fiscal Analysis Division staff recommended that the $1.2 million be left uncommitted at the end of the biennium to address any unforeseen circumstances in this budget account.

Mr. Krmpotic said the $1.2 million uncommitted reserve at the end of the biennium assumed approval of the reductions recommended by the Governor of transfers to the counties. Those reductions totaled $4.8 million in each year ($3 million to Clark County and $1.8 million to Washoe County). He said the Subcommittee may wish to issue a Letter of Intent to the agency to reinstate those transfers by approaching the Interim Finance Committee (IFC) if the situation with the TANF balance changed materially over the 2009-2011 biennium.

Mr. Krmpotic said there was not much new information reported for TANF caseloads that the Fiscal Analysis Division staff had not already covered, and because the Subcommittee was familiar with the county transfer issue, the Fiscal Analysis Division staff had no further comments about the county transfer issue.

Chair Leslie said the revised caseload projections reduced the reserves to $1.2 million. She said the Subcommittee needed to accept the new caseloads which saved a little money and the Subcommittee should accept the ARRA funds. She said the ARRA money looked reasonable as did the caseload projections. The most important issue was the county transfer. There was insufficient TANF money to fully restore the county transfer funds, so if the Subcommittee restored the county transfer, the funds must come from the General Fund.

Assemblywoman Smith said the county transfer was a difficult issue, and she looked at this transfer since it was last discussed by the Subcommittee. She knew that the Subcommittee discussed the transfer again because it was complicated. She thought it would be helpful to ask Mr. Willden to discuss the history of the county transfer to better understand the funding stream.

Chair Leslie asked Mr. Willden to provide the Subcommittee a brief history of the TANF transfer including when, why, and how the parameters were created.

Mike Willden, Director, Department of Health and Human Services (DHHS), testified Congress passed the 1996 Welfare Reform Act, (officially known as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and the Nevada Legislature adopted welfare reform in 1997. When Nevada received its TANF block grant, the grant could be used for a number of different purposes under the TANF regulations. One of the purposes was anything that Nevada included in its state plan in 1996; those state plan functions were allowable funding functions including a county TANF emergency-assistance (EA) program. In 1997, TANF block grant funds were distributed (passed-through) to Washoe County and Clark County. From 1997 until the September 11, 2001, attacks, Nevada had adequate TANF dollars and an adequate reserve, and could fund regular TANF and staffing related to TANF and pass through the EA dollars to the counties. In 2002 the TANF reserve was being depleted rapidly, and the DHHS made a policy decision to reduce the transfer of TANF EA dollars to the counties. The DHHS reduced the transfer from a 100 percent transfer (about $3 million to Clark County and about $1.8 million to Washoe County) to

25 percent because the TANF reserves had decreased because of the high caseloads following the September 11, 2001, attacks.

Mr. Willden said the child welfare system had problems with child fatalities in August 2006 and tried to address the issues. Mr. Willden evaluated the TANF reserve and issued a letter to the counties that he would restore the TANF EA funding to the 100 percent level during the 2007 Legislative Session. Then he sent letters to the counties again which indicated that based on the analysis of the reduced TANF reserve because of the increase in caseload, the DHHS could only provide the TANF transfers for FY 2008 and FY 2009. While building the budget for the 2009-2011 biennium, the DHHS believed the TANF reserve would have insufficient funds to continue to provide county transfers. He reviewed Mr. Krmpotic's analysis and agreed that there would only be about a $1 million reserve at the end of the 2009-2011 biennium if the county transfers remained at the 25 percent level.

Assemblywoman Smith asked Mr. Willden to clarify the "front-end" and "back-end" funding. She said it appeared the DHHS had provided some additional funding to counties with the increased sibling rate.

Mr. Willden said when the Legislature approved the county integration legislation in 2001, there was discussion and debate about who would fund what portions of the child welfare system. Governor Guinn issued a letter to Senator Raggio which described how the child welfare system would be funded. The back-end of the system would be funded with federal and state dollars. The back-end was comprised of the child welfare system, the foster care system, the adoption process following foster care, and the reunification process. The front-end of the system would be funded with whatever federal dollars were available and the local government dollars. The front-end of the system was generally described as beginning at the time there was a child welfare abuse and neglect complaint, through the investigative process for child-protective services, through some emergency shelter period, until there was a court determination that the child would be in an out-of-home placement. The state and federal government would fund the back-end of the system, and the county and federal government would fund the front-end of the system.

Mr. Willden said there had been progress made in the child-welfare system collectively over the last few years. One of the first things addressed several legislative sessions ago was the foster-care rates. The Legislature increased the foster-care rates from $12 per day to $24 per day. The DHHS planned to recommend an increase to $28 per day, but the current budget cuts stalled the increase. The DHHS had added staffing into the back-end of the system. The counties had funded several positions on the front-end of the system. There was improvement in the treatment-home funding, and the $1.6 million per year set-aside for sibling rates. Progress was made on the noted problems in the child welfare system. The state added $80 million during the 2009-2011 biennium into the child welfare system.

Assemblywoman Smith thanked Mr. Willden for clarifying that the $80 million per biennium was state funds invested into the child-welfare system to help the counties with their needs. Mr. Willden said there was state money funding the back-end of this system. The TANF EA money was a federal pass-through to the counties. The DHHS took the TANF block grant and directly passed it through to the EA account for the counties.

Assemblywoman Smith wondered about the sibling-rate funding. Mr. Willden responded that the sibling-rate funds were state funds approved in this budget as a set-aside.

Assemblywoman Buckley wondered whether the state guaranteed the EA funding for the program that was funded with TANF dollars in Clark County. Mr. Willden said the state did not guarantee the funding. His letter said the DHHS could not see beyond the 2007-2009 biennium and thought it had the money to fund the EA program in FY 2008 and FY 2009 but not beyond that. Mr. Willden's letter clearly noticed the counties that the DHHS did not believe it would have sufficient TANF reserve funds in the 2009-2011 biennium to continue funding the pass-through to the counties.

Assemblywoman Buckley wondered how a permanent program was created using temporary dollars. She wanted to know whose decision it was to do this. Mr. Willden said he could not speak for Clark County. In 2006 the DHHS was being pressured by the federal government, the Legislature, and the blue-ribbon task force to correct numerous child-welfare program deficiencies. The primary purpose of providing funding was to help the counties implement the 24/7 EA system that was lacking. Previously the Child Protective Services (CPS) response in the counties was limited to during the day and into the early evening. The DHHS saw counties were not capable of providing a 24/7 response in the CPS system. Mr. Willden's letter explained the pass-through dollars were start-up dollars to begin the 24/7 response service. About 40 percent of the admissions to Child Haven were law enforcement admissions without a CPS investigation. Mr. Willden wanted to infuse these pass-through dollars into the system to develop a 24/7 response program.

Assemblywoman Buckley asked for a representative from Clark County to comment on the issue. Assemblywoman Buckley said the early response system made sense. She said it was important to have a CPS worker intervene at the site when a child was about to be removed from the home, interview the family members, locate a relative, and keep a child out of the foster-care system. This program was working and it made sense. She wondered how a permanent program was developed on temporary dollars.

Sabra Smith-Newby, representing Clark County, said Clark County received TANF dollars even before the TANF EA program came into existence in 1997. She said perhaps Mr. Willden knew what the precursor of those dollars was. Clark County records showed the county had received funding since 1994. So for 15 years, Clark County was getting this level of funding, with a slight change in FY 2005 and FY 2006. This pass-through of federal dollars was not a temporary program since it had been coming to Clark County for 15 years.

Assemblywoman Buckley wondered since the program was funded from the reserves of TANF, when caseloads for TANF increased and there were no reserves, how did Clark County create a program relying on reserves. She noted Clark County did not receive this funding after the September 11, 2001, attacks and wondered how the county hired persons and created a program relying on reserves, when it knew every 10 years there was a crisis. A crisis occurred on September 11, 2001, and now there was an economic crisis. The state and counties faced a "boom-and-bust" cycle. This program was too important to be funded from reserves of any program.

Ms. Smith-Newby said she thought everyone remembered the dark days in 2005 when there were very high-profile child deaths. She thought it was probably no coincidence that the period of time happened after these funds were taken away.

Assemblywoman Buckley interrupted Ms. Smith-Newby and said the state did not fund a front-end 24/7 response system prior to the September 11, 2001 attacks. This was a brand new program. Assemblywoman Buckley wondered how Ms. Smith-Newby could say there were child fatalities because the money was taken away when this money was not funding the EA program before.

Ms. Smith-Newby apologized and said she did not mean to draw the direct correlation but meant only that when Clark County had all of the problems a lot of the concerns and deficiencies determined existed on the inspection or investigation side.

Assemblywoman Buckley said the front-end was funded by county dollars. Ms. Smith-Newby said that was true with the exception of some of the TANF dollars which were the federal pass-through dollars. Her understanding was these funds paid for the 24/7 teams but also other inspectors that were not on the 24/7 teams.

Assemblywoman Buckley queried prior to the county utilizing this money for the 24/7 response system, what the money was used for. Mr. Willden responded the authority for these dollars came from the old program Aid to Families with Dependent Children (AFDC). The AFDC had an emergency assistance component. When the DHHS had the old AFDC program, the counties earned some AFDC money. The AFDC/TANF rules allowed counties to use funds for case management and assessment, crisis intervention and remediation, and family preservation and family-based services. For a period of time through the 1990s up until 2001, the money was used for general types of things. Counties would submit reports to the DWSS and the DWSS reviewed those costs, and that was how counties earned the dollars. The funds paid for front-end case managers.

Assemblywoman Buckley asked what plans the county made with regard to preserving funding when the decision was made to create this early response team and the state notified the counties the state would not be able to fund it from TANF reserves based on projections. She said this program can not be dismantled because it was too critical. Assemblywoman Buckley asked when had the DHHS notified the counties the reserve levels were decreasing.

Mr. Willden said he sent the first letter to the counties in August 2003 and that letter funded the beginning of the EA program. That letter indicated that the state would only be able to fund the program for the current biennium. He sent a second letter that reconfirmed the state would only be able to provide the TANF reserves to the counties now (2007-2009 biennium) and not in the future biennium (2009-2011). The second letter was sent before the 2009 Session held hearings about what the TANF reserves would or would not be. The letter said based on the DHHS's analysis of where it saw the reserve going, the DHHS would not be able to fund the county programs. That letter was sent in early 2009 prior to the legislative session.

Ms. Smith-Newby said she did not know that Clark County had made any preparations for the loss of this funding. While it was one thing to hear that the DHHS did not know that the funding would be available, the county understood that the Legislature must decide to fund or not fund this need. As early as the last work session, the county was hopeful that the Legislature would replace the TANF EA funds with other funding.

Assemblywoman Buckley said at the last hearing the Subcommittee asked Mr. Willden to take a look at the caseload projections to see whether the reserves would be adequate to get the counties some funds.

Ms. Smith-Newby said the short answer was the county was waiting to see what the Legislature's final answer was going to be about this funding. Assemblywoman Buckley asked what did the county do when it received the letter from Mr. Willden letting the county know the money might not be there before the legislative session.

Ms. Smith-Newby said she did not know that the funding was determined to actually go away before the legislative session.

Assemblywoman Buckley said this program was funded from reserves. When something happened and persons applied to the state for more assistance, there would not be any reserves. That was the history and that was the pattern. She said Mr. Willden advised the counties that the money would not be available.

Mr. Willden said the letter he sent was based on his analysis of the reserves that there would not be money to provide on-going funding out of the TANF funds after June 30, 2009. He looked at the actual spending in FY 2008 and FY 2009 in the TANF program and found that the DHHS was overspending its annual allocation of about $44 million from the TANF block grant. In addition, the DHHS added about $27 million or $28 million from its maintenance of effort (MOE). The DHHS had been overspending and drawing the reserve down for several years. The overspending would continue into the 2009-2011 biennium as caseloads increased, and the DHHS would be significantly "upside-down." The DHHS would require a reduction in the TANF cash-assistance levels, elimination of support of child-care programs, or elimination of the employment and training programs.

Assemblywoman Buckley said she appreciated the answer to those questions. The bottom line for her was she thought this program was too vital to see it shut down. It made no sense to do that. But she was also concerned that there was no contingency plan being built by the county. This money was not guaranteed. This money was funded from the reserves. It seemed that vital programs should not be funded from reserves.

Assemblywoman Buckley said she had worked on child welfare for ten years. Some of the things she was most proud of had to do with child welfare, including money to assist children aging out of the program, the Medicaid funding for foster children from age 18 to age 21 (which took her four years to achieve), the wrap-around treatment for severely emotionally-disturbed children, ending bifurcation, and increasing foster-care rates.

Assemblywoman Buckley said she could not see this program being dismantled. But now at a time when the state had a 44 percent budget gap, the Subcommittee was being asked to fund the program out of General Funds because no reserves were available. If the alternative was this program would be dismantled, then the Subcommittee needed to come up with General Funds, and she supported providing General Funds. But she did not understand this lack of planning. Maybe times were good in the 1990s. But whenever a program was funded from reserves of a welfare program, when welfare cases increased, the reserves were gone. Assemblywoman Buckley said it seemed as if no one had planned for depletion of the reserves.

Chair Leslie asked whether the DHHS included zeroing-out the TANF dollars back in January when the agency built its budget. Mr. Willden said The Executive Budget included a recommendation to continue the funding for counties at the 25 percent allotment. In Clark County's case that would be about $750,000 per year versus the $3 million currently received. In Washoe County's case instead of $1.8 million, it would be one-fourth of that amount.

Chair Leslie said that was probably why Mr. Willden sent the counties the letter explaining the reserves would be depleted. Mr. Willden said The Executive Budget required a substantial amount of General Fund in lieu of TANF. But when the DHHS received the ARRA stimulus package money, it was able to start submitting budget amendments. Mr. Willden said because of the additional TANF ARRA funds the DHHS could make recommendations to take General Fund out of the budget and replace it with the new TANF money. The DHHS funding priorities were the caseload growth and the new information technology projects.

Chair Leslie asked Ms. Smith-Newby how much it would cost for Clark County to maintain the vital front-end system so as not to go backwards. Chair Leslie wondered whether Clark County needed every cent of the TANF transfer.

Ms. Smith-Newby said her understanding was that all of the TANF transfer was being spent and paid for the equivalent of about 32 child abuse and neglect investigators or roughly one-third of the child-welfare system's total workforce.

Chair Leslie asked whether the expenditures totaled about $2.3 million over the biennium. Ms. Smith-Newby said she believed the total was about $2.25 million in each year of the 2009-2011 biennium.

Assemblywoman Smith said the choices for the Subcommittee were to use all General Fund because the reserves were too low, or the Subcommittee would need to cut other needy persons off of their TANF dollars. That was the situation the Subcommittee faced.

Mr. Willden said based on current budget estimates, Assemblywoman Smith was correct. He said there was one other option. There was a TANF transfer to Title XX that funded the Title XX process. The Subcommittee could eliminate the TANF transfer to Title XX, but that created another problem.

Assemblywoman Smith said everything the Subcommittee decided caused someone else to hurt. Mr. Willden confirmed there was a transfer from TANF to Title XX that funded non-profits and other state agencies and that any redirection of funds would cause problems elsewhere.

Assemblywoman Smith said she wanted to know what the plan was for Clark County. These dollars were always in flux, and these needs were always in flux. She wondered what Clark County's plan would be. Assemblywoman Smith said the state can not operate a program that needs to be stable based on funding that was not stable and needed in other areas. Whatever the Subcommittee did today, it needed a plan from the county.

Ms. Smith-Newby said she did not know that Clark County had a plan for filling the hole if this funding was not approved. She said the county would have to think about what to do. That was something that Clark County would need to consider for this area and for other areas.

Assemblywoman Smith said the rest of her question was if the Subcommittee provided General Funds now whether it would still have a funding problem going forward.

Mr. Willden said he could provide Assemblywoman Smith a general response but could not speak for Clark County. He said the ultimate solution was the state spent a disproportionate amount of money on the back-end of the system and needed to find the efficiencies in that part of the system to more adequately fund the front-end of the system. The reason children were often removed from a home was because there was not a network of services available to families. Mr. Willden said the answer was to find efficiencies in the way the child-welfare system interacted with the legal system. He said there were too many children in the legal system and too many children in foster care for too long a period of time. It was important to find those efficiencies and savings. The savings would allow a restructuring without continuing to add new money to both the back-end and the front-end of the system. The DHHS was working on finding those efficiencies.

Assemblywoman Smith said there was a difference between the front-end services provided by Washoe County and Clark County. Washoe County did not have proportionally as many children end up in foster care as Clark County.

Mr. Willden said the counties used the funding differently. He said it was important to come up with a funding plan that did not separate the revenue streams. The system would not be totally efficient until that was done. He said many individuals had worked many hours on a new funding plan. He thought the result would be either a block grant to the counties or some sort of fee-per-case to those integrated counties. A change must occur. During the last three interim sessions, the working group had not been able to agree on a plan because the dynamics changed each session. Either the state was broke, or the working group could not agree, or the DHHS was under federal scrutiny to work on something else. Thus a new plan had not been proposed. There must be a "braided-and-blended" plan or a single way the entire child welfare system from the front-end to the back-end could be funded. In other words, the plan must spell out who had what responsibility and how the duties must be performed. Mr. Willden said he did not think there were incentives for the front-end to perform well, because as long as children are sent to the back-end of the system, the state would fund the back-end.

Assemblywoman Smith said in his last statement, Mr. Willden made the case that funding this program with the reserve TANF dollars was not the solution.

Senator Coffin said he was one of those legislators who helped establish state co-ownership of this child welfare program from the beginning when it was part of the old AFDC program. He said everyone knew what was going on, had participated in creation of the 24/7 program, and encouraged the counties to grow their programs. He said violence against children could not always be prevented but one could stop the repetition. Quick rapid response to problems was critical in stopping fatalities among children.

Senator Coffin said he knew since the Governor's address on January 15, 2009, that the Governor had reduced these budgets, although many reductions were not immediately apparent. Many changes including the shift in property taxes, the shift in the funds in the indigent accident fund, and the shift in the supplemental indigent accident fund, all caused the counties to be fearful of not fighting for what they had. If counties did not fight for the funds then the county budgets were under siege. While everyone could think of reducing budgets in other areas so that the counties could afford these child welfare programs, the fact was that the Legislature directed the counties to develop the 24/7 systems and the Legislature provided the money. The money was on some kind of a leash but not the clear kind of a leash which warned about termination of funds that could occur with a federally-funded program or grant program.

Senator Coffin said he could not support the reduction of funds to the counties for the reason that it was a proven program for which the state had co-ownership. He hated to see 32 case-experienced investigators be dismissed so quickly unless there was some other means of funding them. He guessed it was for this very reason that he could not support the shift in money from the counties in other areas of the budget. The Subcommittee had to find a way to continue to pay for the program. He had publically criticized these changes since January 15, 2009, and he saw no reason to change his position today.

Assemblyman Hardy said there were two semi-dysfunctional entities, the county and state, both trying to figure out who was to blame or who was accountable for the front-end and the back-end. He asked if there was a blended-and-braided plan, whether it would be feasible to look at a funding percentage instead of defining a front-end and back-end. He wondered if anyone else used a percentage system to divide the responsibility of the county and the responsibility of the state. He wondered whether it was even feasible to define what was a county responsibility and a state responsibility. If a percentage system was used, then each would own a percentage, and the county and state would both need to come up with reserves to cover their percentage whatever it would be in the future.

Mr. Willden said the agency studied the percentage alternative. He said the best way to run a child welfare system was to first maximize the federal dollars available. Nevada struggled to obtain the maximum amount of Title IV-E funds to contribute to the child welfare system. The DHHS was current in providing the Title IV-E funds to Clark County. It was important to maximize the Title IV-E funds penetration rate and the federal dollars available to get the maximum number of children eligible for federal funding. There were a number of ways to structure a program. The state granted the maximum amount of grant money to the counties, and the counties needed to make up the difference. A system could be structured on a percentage basis. Mr. Willden cautioned that a requirement would be to figure out what the total system was for both the front-end and the back-end, and then come up with a percentage. After the federal dollars were maximized, the state and local government could split the remainder 50/50 or use some other percentage. Those alternatives had all been looked at over the last two bienniums and studied. The working group had not been able to reach agreement to proceed forward with a funding plan.

Senator Raggio said he was dismayed that the Subcommittee had to have this discussion. The Legislature spent three sessions developing this child welfare integration system. The Legislature went through at least six years of effort with the front-end and the back-end funding. He was the nagger who worked to get the funding plan in place. It seemed to him that the program was headed toward complete distortion of what was agreed to. His original concern was that there would be an unfair distribution of the overall cost of implementing this child welfare plan. He was not clear where the discussion was going. He assumed the Subcommittee was talking about adding General Fund money to maintain the 24/7 program, and he did not know where that ended up with the child welfare integration system. He had a lot of misgivings about the solution today. It took so long to get to this point, and he did not realize a letter was sent to the counties advising that funding would no longer be available. It was bothersome. He thought that Washoe County used the funds in a different manner.

Mr. Willden said that each county was different. Washoe County used the funds more along the lines of the traditional uses of case management and family preservation.

Assemblywoman Buckley said it might make sense to consider a long-term direction to Mr. Willden to come up with an alternate funding plan. Maybe the swap was no longer viable. Six years ago she spent hundreds of hours with Clark County and the state to develop the proposed swap. At the time Governor Guinn rejected the proposed swap. The study was at the direction of Senator Raggio to create a long-term funding plan. At the time former Governor Guinn believed the costs for seniors would rise higher than child welfare costs. So after they did all the work, Governor Guinn did not feel the plan was prudent. She pointed out that the Governor was wrong in regard to what history showed, but that was his prerogative as Governor.

Assemblywoman Buckley said maybe it was time to move to a block grant formula. She wondered how much additional money had the state given to Clark County or had the overall budget grown. She asked whether it was $30 million over the last four years. She said again maybe it was time to say to the counties here is a block grant. If the county can make up savings on the back-end by switching funding to the front-end, which paid off, then that was good. The block grant system paid off. Anytime a county could keep children out of the child welfare system, the county could save money. Maybe an incentive plan could be developed because costs were not decreasing.

Assemblywoman Buckley said it was important to examine the costs and most of all figure out what was best for children. Bringing children into the child welfare system should be the last alternative. Maybe one of the problems in the county system continued to be that persons at the CPS level were paid differently than persons at the case-work level. Persons transferred when they got good at their jobs. Perhaps the county should have the budget flexibility to take the money and then deliver the services within those costs. This flexibility could be worked out collectively between the state and the county. Assemblywoman Buckley said Senator Raggio was right, funding the program from reserves made no sense.

Chair Leslie said she agreed with Assemblywoman Buckley and Senator Raggio and thought it was time to develop an alternative funding plan. She said nevertheless the Subcommittee had a budget in front of it today and could not switch to a block grant today. She asked Mr. Willden what kind of direction he would need from the Subcommittee to ensure an alternative plan was developed.

Mr. Willden said this funding problem had been studied during two interim studies. The studies recommended three different solutions. The solutions had either been rejected by Governor, not accepted by the counties, or deemed by the state executive branch not to be fair to the state executive branch. He agreed with Assemblywoman Buckley that the block grant was the best solution. He did not like the percentage funding alternative because if a county did not control its costs, then the county only had to pay the same percentage of a higher amount of costs. He thought the block grant was probably the best long-term solution. It would not be fair to the counties to flat-fund a block grant like the federal government did to the state with the TANF funds. The state had not had an increase in the TANF block grant in 15 years, while the population had grown 50 percent to 70 percent. There should be some indexing of the block grant. But he thought a block grant could incentivize the work so wherever the county needed the funds, the county could fix the other parts of the system. The counties could become more efficient and move the money around. The current system had two different funding streams. The working groups had argued for five or six years about the funding.

Chair Leslie said the Legislature was moving mental health treatment in that direction, then maybe it was time in the next interim to move all the way. She did not know whether the answer was to put this back for the interim Legislative Committee on Health Care to study because the Legislature had special committees set up to study this in the past. Mr. Willden said he thought the solution would require legislation because the funding issue had been studied twice in interim committees. Recommendations were made but not adopted. Mr. Willden thought the funding would eventually require legislation.

Chair Leslie said the Subcommittee could consider legislation. But the Subcommittee needed to make a decision today on this budget.

After a short break, Chair Leslie asked Mr. Willden whether he had any new information for the Subcommittee. Mr. Willden said he spoke with Thomas D. Morton, Director, Clark County Family Services, and George W. Stevens, Clark County Chief Financial Officer. Mr. Morton reported, according to Mr. Willden, that sufficient money was recovered from Title IV-E funds to deal with the TANF EA shortfall for the first year of the biennium (2010). But Mr. Morton said he did not have adequate funds for this second year of the biennium (2011) at this point in time. Mr. Willden said Mr. Morton indicated funding was contingent on two things. One was Clark County had not closed its budget as yet. Second, funding the TANF EA shortfall meant that other things that Mr. Morton would like to use those funds for would be delayed including the Safe Futures Act, which had a number of things that had not been implemented such as quality assurance issues and some family and teen programs. Mr. Willden said with the shortfall funded with Title IV-E dollars in the first year, he believed if given some flexibility on the front-end and the back-end, he would try to make funding work in the second year of the biennium (2011) also.

Chair Leslie wondered what kind of flexibility Mr. Willden would need from the Subcommittee. Was there something specific needed or did Mr. Willden believe it was something he could accomplish within existing parameters or by approaching the Interim Finance Committee (IFC).

Mr. Willden believed there was flexibility within TANF, granted in the Appropriations Act, to move funds from category to category by approaching the IFC. If the DHHS spent the funds in cash assistance, the DHHS would just work program the funds into the TANF EA category. For the child welfare integration budget, which was the back-end of the system, the DHHS may need some language that it could approach IFC. If savings materialized in the integration budget, the savings could be used for front-end services.

Ms. Smith-Newby said she spoke with Mr. Morton and Mr. Willden was correct. The Title IV-E funds that were recovered were slated to pay for other services and those services would not be done if the funds were shifted to fund the EA investigators. Ms. Smith-Newby said Mr. Morton was still trying to figure out the effect of the wage cuts that were approved in the child welfare integration budget, which would also affect the back-end. There were a number of moving parts, but to date Clark County agreed with the proposal that Mr. Willden provided.

Chair Leslie said she understood the TANF flexibility provided. She asked Mr. Willden to work with the Fiscal Analysis Division staff to figure out what was needed for the Division of Child and Family Services in the Appropriations Act. Mr. Willden said he would be happy to work with the Fiscal Analysis Division staff and could not remember the language but thought the Appropriations Act generally restricted the integration budget to only those things that were closed and addressed in the integration budget. This EA funding would be something outside the integration budget. If savings resulted, the DHHS wanted the flexibility to approach IFC and use the money to fund either this EA program or move the funds to other critical areas.

Chair Leslie suggested Mr. Willden give the language some thought, and the Subcommittee could decide to include it in the back language of the Appropriations Act.

Assemblyman Hardy said he looked at the county interaction with the state. He tried to figure out the kind of things Mr. Willden addressed, looking at the partnership of the county and state and how both entities could work together. And in so doing, he knew eventually both entities needed some kind of commitment. He recognized that the Subcommittee did not have all the numbers it would like. He said it would be wise to let the county know where the Legislature intended to go with its decision. Recognizing that the Legislature had funding problems, the Subcommittee should send a Letter of Intent that there was no guarantee of funds from the state to the counties. It was reasonable to appreciate Clark County's ability to pay for the EA program for the first year of the biennium (FY 2010) and add the flexibility that was so important for the second year (FY 2011). Clark County should recognize that the TANF and the child welfare Title IV-E funds all had to come into play with access to the IFC authorized if funds needed to be expended. The program would go forward. The state not only cared for children but encouraged the care for children. Assemblyman Hardy thought this plan was what the Subcommittee needed to approve.

ASSEMBLYMAN HARDY MOVED TO ACCEPT THE PLAN AS PRESENTED BY MR. WILLDEN AND CONFIRMED BY MS. SMITH-NEWBY FOR CLARK COUNTY, ALONG WITH A LETTER OF INTENT TO MAKE IT CLEAR THE TANF EA FUNDING MONEY WAS NOT GUARANTEED FOR THE FUTURE.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Coffin abstained from the vote. Assemblyman Arberry was not present for the vote.)

Senator Coffin explained he could not vote on the TANF transfer because he wanted to stay quiet on the decision until he saw the plan in writing and had reviewed the analysis from the Fiscal Analysis Division staff.

ASSEMBLYWOMAN BUCKLEY MOVED TO EXCLUDE $2.8 MILLION FROM THE ESTIMATION OF THE TANF RESERVE AT THE END OF THE 2009-2011 BIENNIUM BECAUSE IT WAS UNCERTAIN WHAT THE FEDERAL GOVERNMENT COULD DO REGARDING EXTENSION OF THE TANF SUPPLEMENTAL GRANT FUNDING.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry was not present for the vote.)

SENATOR MATHEWS MOVED TO REDUCE GENERAL FUNDS IN LIEU OF TANF RECOMMENDED BY THE GOVERNOR BY $4.4 MILLION IN FY 2010 AND $7.5 MILLION IN FY 2011 WITH REPLACEMENT OF THAT FUNDING WITH EMERGENCY CONTINGENCY TANF FUNDING, AS PROVIDED UNDER THE ARRA.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry was not present for the vote.)

SENATOR COFFIN MOVED TO NOT APPROVE BUDGET AMENDMENT ARRA3228 BASED ON THE LACK OF AVAILABLE TANF FUNDS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry was not present for the vote.)

ASSEMBLYWOMAN SMITH MOVED TO ACCEPT THE REVISED CASELOAD PROJECTIONS OF TANF AND KINSHIP, RESULTING IN A SAVINGS OF $2.3 MILLION IN FY 2010 AND AN INCREASE OF $774,831 IN FY 2011, CONSISTING OF FEDERAL TANF FUNDING.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry was not present for the vote.)

ASSEMBLYMAN OCEGUERA MOVED TO CLOSE BA 101-3230 AND AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS TO REDUCE THE TRANSFER

OF TANF FUNDING TO TITLE XX PROGRAMS BY $420,627 IN EACH YEAR OF THE 2009-2011 BIENNIUM.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry was not present for the vote.)

Budget closed.

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Chair Leslie asked for public comment. There was none. She explained the Subcommittee was sorry it was unable to close the Medicaid budgets because of a medical emergency of the Fiscal Analysis Division staff. The Subcommittee would post information on the hearing to close the Medicaid budgets soon and interested parties should look at the website for updates. There being no further business before the Subcommittee, Chair Leslie adjourned the meeting at 10:19 a.m.

RESPECTFULLY SUBMITTED:

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Janice Wright
Committee Secretary

APPROVED BY:

Sheila Leslie
Assemblywoman Sheila Leslie, Chair

DATE:____________________________

Bob Coffin
Senator Bob Coffin, Chair

DATE:____________________________

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Human Services/CIPS

Date: May 7, 2009 **Time of Meeting: 8:43 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign-In Sheet