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

**Seventy-Fifth Session
February 16, 2009**

The Assembly Committee on Ways and Means and the Senate Committee on Finance Joint Subcommittee on General Government and Accountability was called to order by Chair Mo Denis at 8:13 a.m. on Monday, February 16, 2009, in Room 2134 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**:

Assemblyman Mo Denis, Chair
Assemblywoman Kathy McClain, Vice Chair
Assemblyman Marcus Conklin
Assemblyman Pete Goicoechea
Assemblyman Joseph M. Hogan
Assemblywoman Ellen Koivisto

**SENATE COMMITTEE MEMBERS PRESENT**:

Senator Steven A. Horsford, Chair
Senator Warren B. Hardy II
Senator Dean A. Rhoads
Senator Joyce Woodhouse

**STAFF MEMBERS PRESENT**:

Steve Abba, Principal Deputy Fiscal Analyst
Brian Burke, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Christine Bashaw, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Denis opened the hearing on the Department of Employment, Training, and Rehabilitation (DETR) and asked whether there was anything that needed attention.

Senator Horsford disclosed that he served as President of the Board of Nevada Partners, that was a participating partner in the Workforce Investment System in southern Nevada, and which was related to one of the agencies the Subcommittee was hearing today.

Assemblywoman Koivisto disclosed the Governor had appointed her to the state Rehabilitation Council, but she had not attended any meetings as yet.

Chair Denis said the Subcommittee would hear Budget Account 101-3272.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**DETR ADMINISTRATION (101-3272)**
**BUDGET PAGE DETR-1**

Larry Mosley, Director, Department of Employment, Training and Rehabilitation (DETR), introduced staff:

- Renee Olson, Administrative Services Officer
- Ardell Galbreth, Deputy Director
- Cynthia A. Jones, Administrator, Employment Security Division
- Deborah Braun, Administrator, Rehabilitation Division
- David Haws, Administrator, Information Development and Processing Division
- Dennis Perea, Administrator, Nevada Equal Rights Commission
- William Anderson, Chief Economist, Research and Analysis Bureau
- Martin Ramirez, Consultant

Mr. Mosley said his staff would provide the Subcommittee with a brief overview with budget requests. and read the following statement:

> The budget overview is because of the unprecedented times we are currently experiencing, the stimulus activity, and the 9.1 percent unemployment. The DETR was the client service agency which felt the impact of the unprecedented economic and developing employment challenges. During the economic downturns, the DETR was the first source of support for the unemployed. The unemployment rate jumped from 8.1 percent to 9.1 percent, which translates to an unemployment surge of 128,100 individuals. There were 303,560 continued claims for unemployment insurance in December, making benefit payments the highest level ever recorded. DETR was charged with:
>
> - Developing Nevada's workforce
> - Paying unemployment benefits to those who find themselves unemployed through no fault of their own
> - Maintaining the unemployment insurance information technology payment system
> - Providing Nevada businesses with access to qualified workforce
> - Essential services for those with disabilities

Mr. Mosley turned the presentation over to Renee Olson, Administrative Services Officer (ASO), DETR, for an explanation of the Department's global decision units.

Renee Olson, ASO, DETR, said she would briefly identify some global decision units. The Divisions' administrators would discuss their programs' performance indicators and specific decision units. The global decision units were:

- Maintenance (M) 100 (Inflation)
- M300 (Fringe benefit rate adjustment)
- M800 and Enhancement (E) 800—Allocations of costs for maintenance and enhancement decision units for the administrative services budget in DETR
- E670 through E673—Salary reduction, merit, longevity, and Spending and Government Efficiency (SAGE) Commission recommendations
- E710 and E720—Replacement equipment and new equipment requests for maintaining operations at the agencies

Ms. Olson continued and said the DETR followed the standard Department of Information Technology (DoIT) personal computer replacement schedule. There would not be E710 and E720 decision units in every budget account. In some cases, when the program still met performance standards, replacement equipment had not been requested as a money saving measure.

Ardell Galbreth, Deputy Director, Department of Employment, Training, and Rehabilitation (DETR), read the following statement into the record:

> The mission of DETR is to connect Nevada's businesses with a qualified workforce, while ensuring equal employment opportunities.
>
> Our Administrative Services Division consists of the Director's Office and centralized administrative services that support the four operating divisions—Employment Security, Rehabilitation, Information Development and Processing, and the Nevada Equal Rights Commission.
>
> The Department also serves as lead agency for the administration and oversight of the Workforce Investment Act of Nevada, as well as support staff to the Governor's Workforce Investment Board and Nevada Workforce Development System and initiatives to include ten JobConnect offices throughout the state.
>
> With the exception of scheduled routine computer purchases, our administrative division's budget is lean and straightforward.

Mr. Galbreth continued with and explanation of key performance indicators. The first indicator referred to the Department's services to the employees. Using an annual survey, the DETR measured how satisfied the staff was with the Department's leadership and management initiative, how management responded to their complaints, supported services, resources, and training opportunities. During fiscal year (FY) 2008, the Department was just short of achieving its projected goal of 92 percent. The projection for FY 2009 was 93 percent, and Mr. Galbreth felt confident this would be achieved.

Mr. Galbreth stated the second performance indicator was the percent of businesses satisfied with the Department's employment services. There was an ongoing survey of employers in the State of Nevada to discover whether the Division was handling needs such as job placements, job orders with the system, job development, job referrals to area businesses, on-the-job contracts, labor market information, and recruitment supports. Mr. Galbreth said the Department was short of its goal of 96 percent in FY 2008, but it achieved 92.2 percent. The Department was progressively improving, according to Mr. Galbreth.

Mr. Galbreth stated the projected goal of 87 percent for the third performance indicator had not been met, but the indicator was progressively increasing. He gave the example that in FY 2004, the divisions were at 43 percent, in FY 2006 at 52 percent, and in FY 2008 at 74 percent. Because of the initiative implemented, Mr. Galbreth believed this positive trend would continue.

Chair Denis asked why the projections for utility cost inflation were not included in all the budgets.

Ms. Olson explained that the Department used the base utility cost and the inflation was calculated by the Budget Division.

Stephanie Day, Deputy Director, Budget Division, stated that inflationary increases for utilities were for electricity and natural gas. They were pulled into the Interim Finance Committee (IFC) Contingency Fund. Any agency which needed inflationary increases for those items could come to IFC for additional funds. The exception was the Distributive School Account (DSA) where utility increases were placed directly into the DSA budget account.

Chair Denis asked and Ms. Day replied that she did not have the inflation figures with her but would provide them to the Fiscal Staff.

Senator Horsford asked, when information was provided, whether it would break down the increase for each agency.

Ms. Day stated the information would be supplied to the Fiscal Analysis Division by budget account.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**INFORMATION DEVELOPMENT AND PROCESSING (101-3274)**
**BUDGET PAGE DETR-6**

Dave Haws, Administrator, Information Development and Processing (IDP) Division, Department of Employment, Training and Rehabilitation (DETR), presented budget account (BA) 3274.

Mr. Haws began by stating, "IDP's primary responsibility is to maintain and support Nevada's workforce technology systems."

Mr. Haws continued by reading the following:

> Our biggest challenge is to stay ahead of the curve to ensure that Nevada's workforce systems are operating as expected and required.
>
> We make sure staff is able to access and enter claims for unemployment and these systems were also available to constituents.
>
> Steps we are currently taking to make sure the systems are operating properly (include) keeping close watch on

> CPU (Central Processing Unit) usage, memory and storage. With the help of DoIT (Department of Information Technology), we have also added an additional CICS (Customer Information Control System) region to make sure the mainframe applications operate properly. We have set up additional phones in JobConnect offices so constituents can dial into our system from there. There are also additional desktops to support intermittent staff. We are trying to improve the web Internet claims process. We are keeping a careful eye on making sure the systems were up and running.
>
> Three significant successes that we have recently had within our division were (the following):
>
> - Developed a rehabilitation data warehouse.
> - Assisted the Employment Security Division (ESD) in implementing debt cards versus paper checks.
> - Completed phase one of our UI (unemployment insurance) modernization, business transformation and requirements analysis.
>
> Our performance indicators for FY (fiscal year) 2008 have been met. This was an increase over the previous biennium, particularly customer satisfaction.

Mr. Haws explained IDP was low in customer satisfaction because of Internet claim filers. Some functions caused distress and customers responded through the satisfaction surveys. The Division took steps to improve the Internet process and was still on target. However, the Division received approximately 10,000 surveys per month and most were concerned with users unable to reset their pin numbers. Users had to go through the call center which added additional calls to the center and slowed things down. However, within days, users would be able to reset their pin numbers through the Internet.

Chair Denis asked how the web interface was progressing as he had received some emails from people who had tried to get through to DETR.

Mr. Haws replied the web portion of the process had become more important. More users were using the web to submit their weekly claims. It was watched carefully, and an additional web server had been added to handle the traffic. The Department was trying to reduce the "bottlenecks." Mr. Haws explained the Division did not have control over the web browsers so they could not be sure where users were accessing DETR's application.

Chair Denis asked how were clients able to relay their problems if they were unable to access DETR through the web or by phone.

Mr. Haws stated clients were vocal. If there was a difficulty, the Employment Security Division (ESD) had a help desk for the web applications where users could submit a direct email to ESD. The IDP tracked all complaints. Frequently, the problems were not technology problems but difficulty with claim filings.

Senator Horsford asked what the current timeline was for claimants to have their unemployment claim processed from the beginning.

Cynthia A. Jones, Administrator, Employment Security Division (ESD), Department of Employment, Training and Rehabilitation (DETR), answered that currently 80 percent of the claimants were paid their first check within 21 days, which was the Department of Labor (DOL) standard. When someone filed a claim over the Internet, the claim was processed the next day, the same as if it were filed at the claim center. The problem with the claim center was the wait time. Ms. Jones continued and said that once a claim was filed successfully, the first check was issued within ten days from the effective date of the claim.

Senator Horsford asked whether the 21 days started from the point of approval or from the point the process began. He said he had learned from constituents that it was taking time for the initial process to begin.

Ms. Jones answered that the DOL standard was 21 days from the effective date of the claim which was always on a Sunday. She explained that even when someone filed their claim on a Friday, the effective date was the prior Sunday.

Senator Horsford asked how long it took for individuals to enter their claim, either on the phone or through the Internet.

Ms. Jones replied that when a claimant filed on the Internet it depended on how long it took user to answer questions. The claim was processed immediately that night through the batch system. The procedure was the same for filing over the phone, but the difficulty was contacting a claims examiner who could help the person. Similar to other states, the wait-time currently averaged 56 minutes with the longest wait of about 2 hours. Ms. Jones said, again, if there were no issues with the claim it would be processed the same night.

Mr. Haws continued with BA 3274. There were no new programs requested, but there were several decision units. The first was decision unit Enhancement (E) 250 which requested two desktop technician support positions. The requested positions would be used to set up personal computers, place printers, and ensure phones were in place and functioning. The current workload was approximately 269 desktops per technician. Mr. Haws concluded that the new positions would assist in keeping up with the backlog as well as assuming additional responsibilities with the JobConnect offices.

Chair Denis wanted more information on the Nevadaworks and the Southern Nevada Workforce Investment Board and why they were no longer supporting the JobConnect locations.

Mr. Haws understood that the DETR was the support for JobConnect, and as programs fluctuated, there was a period of time when those other programs were losing money, but the DETR was growing. So the DETR began to take on more responsibility for those programs.

Mr. Haws continued with decision unit E252 which was a request to move annual software support for electronic email security from the Employment Security Division to the IDP budget. The transfer would help IDP to manage software maintenance.

The next decision unit was E710 which covered replacement of equipment, according to Mr. Haws. This was a critical area and ensured adequate disk space, memory, and proper number of servers. There was an additional request to replace the 1993 Ford F-250 truck. The truck was used to transport equipment from Carson City to Reno and Elko, and the IDP needed a vehicle which was safe.

Mr. Haws moved on to decision unit E720 which was for new equipment. As the claim count increased, the need for additional capacities for the applications increased to improve network capacity, build up the backup security, and purchase additional products, which would reside on desktops. Mr. Haws said the Division also wanted to add disk space.

Chair Denis questioned whether the DoIT replacement schedule was followed by the Department and Mr. Haws replied that it was.

Chair Denis wanted to talk about the anticipated needs supported by the Master Services Agreement (MSA) contractors.

Mr. Haws indicated the Division had planned for the Unemployment Insurance (UI) modernization, phase 2, and added $270,000 to the budget to ensure there would be adequate support for the legacy applications. Phase 2, regardless of whether it was approved, required the resources to support the activities. Mr. Haws gave an example that if the UI modernization was approved, the resources would be added for some of the legacy maintenance which was occurring. If the UI modernization was not approved, the Division required similar resources to keep the current system going.

Chair Denis asked whether there was an anticipated date to replace the system.

Mr. Haws cited the example of the "Y2K windowing technique" (temporary method to determine the century value) that was used as a fix for the year 2000 problem. The (date) problem will reoccur in 2017, in some parts, and in 2019, in the other parts, of the application. There were some "hard and fast" barriers that required the system to be replaced by then.

Senator Horsford asked why independent contractors were used instead of a full- or part-time employee.

Mr. Haws answered the individuals the Division used were retired employees of DETR. They had excellent mainframe skills and knew the system. Instead of investing in full-time staff, the retirees would be used for a two- to four-year period.

In response to a question from Senator Horsford, Mr. Haws stated the cost of independent contractors was approximately $90 to $100 per hour.

Chair Denis asked, regarding the UI modernization project, whether the project was going from a mainframe to a client-server-based model.

Mr. Haws said that since the Division had completed phase one of the UI modernization project, it was expected to request a proposal which invited the UI vendors to respond to requirements. The requirements did not dictate a particular server architecture. There were specific technology requirements that would ensure that whatever server was proposed, it would satisfy business and technology needs.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**RESEARCH & ANALYSIS (101-3273)**
**BUDGET PAGE DETR-13**

William Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation (DETR), read the following statement into the record:

The Bureau has 29 full-time employees:

- 17 economists
- 7 other professional staff
- 5 support staff

In addition, we have two intermittent positions that are earmarked for some customer satisfaction survey work which is mandated by the federal Workforce Investment Act (Public Law 105-220).

At the Bureau we generate, collect, and disseminate a wide variety of information that is used by a number of different customer groups. Over the course of the last year, we have interacted with about 4,000 young school-aged students and young adults who participated in approximately 7 career fairs.

We work closely with the research community in Nevada, University of Nevada Reno (UNR), University of Nevada Las Vegas (UNLV), as well as private consultants. We work closely with the business community as they go about doing a lot of market analysis work for the various regions within Nevada. And, finally, we work closely with the economic development community. That is only four of our major customer groups.

We partner with the United States Department of Labor, Bureau of Labor Statistics, on a number of different information programs. We work with them in releasing our monthly unemployment rate. The last amounts released were for December, and there was a 9.1 percent unemployment rate. Now the Bureau of Labor Statistics is taking a second look at the number as they do every month to see if it needs to be revised and also going through the process of calculating the January unemployment rate.

As part of the relationship with the U.S. Department of Labor, we generate a number of different pieces of information:

- Unemployment rate
- Employment by industry
- Occupational wage levels
- Quarterly census of all businesses and workers
- Short-term and long-term occupational and employment projections

There were 340,000 visits to our website, where all the information is kept, in fiscal year (FY) 2008. The work done with the U.S. Department of Labor was funded by them and accounts for approximately 60 percent of the total budget in the Research and Analysis Bureau.

In addition, we provide a considerable amount of information to our colleagues elsewhere in DETR with respect to their information, research, and data needs. We generate approximately 1,100 reports over the course of any given year for our colleagues. A lot of that information was required and mandated by their respective partners within the U.S. Department of Labor. They are

> used to calculate performance indicators (and) assess client caseload.
>
> We oversee the Nevada Career Information System which is an online career and educational planning tool. During FY 2008, there were approximately 240,000 visits to the Nevada Career Information website.
>
> The remaining 40 percent of our budget is accounted for by the work we do for our colleagues in DETR as well as oversight and maintenance of the Nevada Career Information System.

Mr. Anderson stated the Bureau was satisfied with the performance indicator results and strived for 95 percent customer satisfaction. In FY 2008 customer satisfaction achieved was:

- 100 percent with business associations satisfied with workforce information.
- 100 percent with private and public economic entities satisfied with workforce information.
- 99 percent with career resource sites satisfied with career information provided.

In addition, Mr. Anderson said there was a 42.2 percent increase in use of workforce and career information through the Internet.

Mr. Anderson said the Bureau was not requesting new budget monies and would highlight two decision units. Decision unit Maintenance (M) 503 funded two intermittent positions that were required to complete the customer satisfaction survey work mandated by the federal Workforce Investment Act. The second decision unit Enhancement (E) 325, provided authority to accept and pass on federal monies. The Bureau was the fiscal agent for the Projection Managing Partnership also referred to as ALMIS, America's Labor Market Information System.

Mr. Anderson explained the Bureau was awarded funds from the U.S. Department of Labor and the partnership was a group of states and other federal partners who oversaw the infrastructure. The Bureau passed the funds to other states and entities who worked on behalf of the partnership. There was no budgetary effect on the Bureau except a small 2.5 percent administrative fee which funded part of Mr. Anderson's salary.

Senator Horsford commended Mr. Anderson for the partnership which was a good example of "thinking outside the box."

Senator Horsford continued that he had read a *Newsweek* article on how the Department of Labor captured and analyzed unemployment data. He understood there were two primary sources, a household survey of unemployed workers and the information provided by the individual states. An item in the article stated there was an issue regarding double counting of individuals. Senator Horsford gave an example of people who had two jobs, lost one then were classified as unemployed. If a person had two jobs, he asked whether they were counted as unemployed for statistical purposes in the State of Nevada.

Mr. Anderson answered that the unemployment rate was an estimate, and through a survey of 60,000 households, an unemployment rate was estimated based on the response of this survey. Three items were used in the calculation of the unemployment rate in Nevada:

- Responses from the approximate 800 households surveyed in Nevada.
- Information on unemployment claims activity.
- A monthly survey of over 3,000 businesses in Nevada to find out employment numbers.

Mr. Anderson said it was not a job count but a person count so when a multiple job holder lost one job, he would not be counted as unemployed.

Senator Horsford asked Mr. Anderson to discuss the partnership agreement with the federal government on data collection; specifically, how the partnership agreement would work and how the current staff would be utilized to execute the partnership agreement. He asked whether these efforts enhanced or distracted from the Bureau's current duties and responsibilities, and was there an ability to obtain regional industry projections for various economies and new job opportunities.

Mr. Anderson stated the work with the U.S. Department of Labor enhanced the work of the Research and Analysis Bureau. The Bureau was able to partner resources to generate projections by region. The Bureau was able to measure changes in employment over the short-term and a longer term, ten-year period by industry and an occupational basis. For example, an accountant could be employed in the gaming industry, construction industry, or government. The Bureau was able to cross lines between occupations and employment levels.

Assemblyman Conklin said he was very impressed with the work the Research and Analysis Bureau produced when he had made several requests for information, although the functionality of the website could use more work. The customer service from Mr. Anderson's bureau was exceptional, and Assemblyman Conklin wanted to commend him on a job well done.

Assemblyman Conklin wanted to talk to Mr. Anderson later about the unemployment calculations for December regarding the seasonality of those numbers. He did not feel the numbers were overinflated but thought there were other factors involved. Assemblyman Conklin was hopeful the January statistics would return to a more normal number.

Mr. Anderson explained that one had to be careful just reviewing one month of information. Look at trends over time. In a few weeks there would be a revised December estimate, but it would probably not differ much from the 9.1 percent and would do nothing to change the trend seen over the past months.

Assemblyman Conklin referred to the E325 decision unit which had $900,000 in each year of the upcoming biennium, and said he assumed that was federal funding for the partnership. He asked what the money intended to improve and how the improvement would be accomplished.

Mr. Anderson explained that the Bureau was part of the Projection Managing Partnership. This was a group of states that oversaw the infrastructure which supported the various projections for Nevada that Mr. Anderson had discussed earlier. The employment and training administration within the U.S. Department of Labor provided money to support the work. The $900,000 was passed through to Nevada as a fiscal agent; the Bureau, at the direction of the partnership, distributed the funds.

Assemblyman Conklin asked whether the work was all for Nevada or did this reach beyond state lines in the use of the money to help the partnership.

Mr. Anderson explained the partnership was national. There were approximately 15 states within the partnership and a couple federal partners. It supported the work of all states who undertook this kind of endeavor.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**EQUAL RIGHTS COMMISSION (101-2580)**
**BUDGET PAGE DETR-20**

Dennis Perea, Administrator, Nevada Equal Rights Commission (NERC), Department of Employment, Training, and Rehabilitation (DETR), read a brief overview of his agency.

> The NERC was responsible for investigating and resolving complaints alleging unlawful discrimination. The Commission consisted of 5 members appointed by the Governor and a staff of 19 full-time employees which handled employment or public accommodations discrimination complaints related to race, color, national origin, religion, sex, age, sexual orientation, and disability; and housing discrimination race, color, religion, national origin, sex, disability, or familial status.
>
> The NERC also provides outreach education and training for local employers and community groups in understanding, preventing, and addressing discrimination issues.

Mr. Perea started with the first performance indicator and said the agency did not meet its 2008 goal of 80 percent of discrimination cases formalized for investigative process within 15 workdays of receipt of the signed complaint. The primary reason was that from fiscal year (FY) 2007 to FY 2008 the number of inquiries had risen 31 percent. With diminishing staff levels, the NERC was having difficulty allocating staff to improve this particular performance indicator.

Mr. Perea continued with the second performance indicator and said the agency did not meet the FY 2008 goal of 75 percent of cases open 180 days or less. At the end of the fiscal year, the average case-age was 186 days with 69 percent open fewer than 180 days. Staff reductions to meet budget constraints meant fewer investigators were assigned to an increased number of cases, which resulted in increased case-age.

On performance indicator 3, Mr. Perea said the agency exceeded the FY 2008 goal of 30 percent of inquiries received via the Internet. This was attributed to the increased availability of the Internet to a wider range of Nevada residents and to the convenience and low cost of sending forms electronically rather than through the United States mail.

Performance indicator four reported that the agency exceeded the FY 2008 goal of cases resolved at mediation by successfully settling 44 percent of the cases where the parties agreed to participate in the mediation process, said Mr. Perea.

Mr. Perea said the NERC wanted to add a new performance indicator, which was the percentage of the federal Equal Employment Opportunity Commission (EEOC) contracts met. The reason was due to the possibility of achieving the other four performance indicators, but not maximizing the federal money.

Mr. Perea continued with decision unit Maintenance (M) 160, the elimination of a position which would cause a 120 case decrease in capacity for the Commission. Decision unit Enhancement (E) 250 requested additional in-state travel funds for the second year of the biennium to allow the administrator to participate in budget hearings. Also, requested was a small amount of out-of-state travel funds for the administrator's attendance at the yearly training conference conducted by the EEOC.

Mr. Perea referred to decision unit E251 which requested authority to transfer rent and associated expenses for the Las Vegas office of the NERC from its previous location on Tropicana Avenue to the Saint Louis Avenue office, then to the Grant Sawyer State Office Building. Although the NERC budgeted to incur the moving costs in FY 2010, the moving date was advanced because of serious safety and health concerns at the Tropicana Avenue site. The concerns included vagrants frequenting the premises and unsanitary or out-of-service common restroom facilities. It culminated in an emergency situation involving an individual who had a terminal illness and serious psychiatric issues and a felony record making specific threats to the Commission. The individual destroyed part of the facility leaving a lot of blood, and because of this, two employees had to be blood-tested for a length of time. Mr. Perea continued that there were not funds in the budget for full-time security, therefore the decision was made to relocate the staff to DETR headquarters after discussions between Larry Mosley, Director, DETR and the Department of Public Safety in August 2008. After the move, the economic downturn forced the Employment Security Division to increase staff significantly forcing a second relocation to the Grant Sawyer State Office Building.

Chair Denis asked about the lease on the Tropicana Avenue property.

Mr. Perea said the Commission was still paying on the lease, but it was being used for storage and as a mail processing center for the DETR. He believed the lease would be up in June 2009.

Senator Horsford referred to decision unit E737, the housing discrimination program, and asked when the bill draft request (BDR) would be submitted.

Mr. Perea answered that the BDR had been submitted to the Legislative Counsel Bureau (LCB) and was waiting for a bill number to be assigned.

Senator Horsford asked, if the recommendation was enacted, what the anticipated capacity in the upcoming biennium would be and whether there was adequate support to address the caseload.

Mr. Perea said over the two years, the first year would be for capacity building and the second year would be for taking cases.

Maureen Cole, Assistant Administrator, Nevada Equal Rights Commission (NERC), stated the proposal was not to decrease capacity but to increase capacity. Decision unit E737 requested an additional investigator and a support person who would be dedicated to the housing program.

Senator Horsford asked, given the history on closing the employment discrimination complaints in a timely manner, what assurance could be given that if approved, the NERC would be able to manage this program effectively.

Mr. Perea answered that with the support of Housing and Urban Development (HUD) and Ms. Cole, the NERC was expected to have an adequate program in a short period of time.

Senator Horsford said the Governor's budget recommended the elimination of two investigators and one administrative assistant. He asked what the effect would be on investigating and resolving employment-related cases.

Mr. Perea answered that the elimination of two investigator positions provided a decrease of 240 in case capacity on the employment side. Housing was going to be a separate program, and the NERC was asking for an addition of an investigator and an administrative assistant. The elimination would affect employment cases, but he did not see the HUD program taking capacity away from the employment program.

Senator Horsford asked whether there would be a decrease in the NERC's capacity on the employment discrimination side, and Mr. Perea answered there would be a decrease.

Senator Horsford asked, based on the problems with delayed resolutions of complaints, what the plan was so that other responsibilities were not affected.

Mr. Perea said the contract with HUD was a better-funded program, and he did not have an issue with funding the housing discrimination portion. The NERC was, however, going to backtrack on employment discrimination cases. There was insufficient capacity to handle a 31 percent increase in complaints or a 12 percent increase in cases being formalized for investigation. Mr. Perea referred to a Washington Post article that noted the EEOC was having the same issues.

Senator Horsford suggested the NERC return with more discussion. It was not acceptable to reduce capacity on the employment side. After reviewing the BDR, there would be a way to support the housing program, but he was concerned with the lack of focus in the Governor's budget on employment discrimination.

Assemblyman Conklin said he shared the same concerns and assumed that to balance these bills to the federal statute it would require expanding some classes covered under the equal rights statute. He noted, however, that decreasing the number of investigators would make this difficult.

Assemblyman Conklin had a question regarding the bill draft request and a second bill, Assembly Bill (A.B.) 43. These bills were not the same, but they seemed close enough to have one bill instead of two, according to Assemblyman Conklin.

Mr. Perea said the NERC had no opinion on A.B. 43 but had tried to determine legislative intent. There were many statutes covering different protected classes. The housing bill had to be equivalent to federal law, so any change would delay funding from the HUD and the NERC preferred that the bills remain separate.

Chair Denis asked and Mr. Perea answered that most housing discriminations were referred to HUD.

Chair Denis questioned why HUD and the NERC were both investigating the same cases.

Ms. Cole said there were a couple of reasons, but first wanted to answer Assemblyman Conklin's question regarding the two bills. The NERC was not proposing to add any new protected classes and no expansion of the coverage or liability already existing under federal statutes, but to bring the state statutes into substantial equivalency. The provisions of the federal statute already covered landlords, property managers, mortgage brokers, and anyone else involved in real estate. Ms. Cole said the NERC bill would provide anyone involved in a housing discrimination case the ability to deal with someone local. The HUD investigators for Nevada were located in San Francisco.

Assemblyman Conklin asked Ms. Cole which bill she was referencing, and she answered the housing BDR that had not yet been assigned a number. She said Assembly Bill 43 was a housekeeping effort to conform all statutes so all protected classes were the same in each relevant statute.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**REHABILITATION ADMINISTRATION (101-3268)**
**BUDGET PAGE DETR-29**

Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), read the following:

> The Division provides services to people with disabilities through the State of Nevada, for those able to work and those unable to work. In addition to the Administration Unit, the Division is comprised of three bureaus and two programs. They are: Bureau of Vocational Rehabilitation, Bureau of Services to the Blind and Visually Impaired, Bureau of Disability Adjudication, Blind Business Enterprise of Nevada Program, and the Client Assistance Program. The Division budgets consist of 243 total positions of which there are a total of 44 vocational rehabilitation counselors. What will be seen in our budget highlights are:
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> - Elimination of two rehabilitation counselor (RC) 3s, two RC 2s, one vocational evaluator 2, and a rehabilitation technician 2.
>
> These positions were originally held vacant in order to meet budget reductions for the 2008/2009 biennium. Consequently, they were eliminated from the 2010/2011 agency request. We are asking approval of an amendment to bring these positions back. This will be discussed in more detail during the overview of the individual budget accounts.
>
> Vocational rehabilitation counselors are responsible to assist individuals with disabilities achieve employment outcomes and are required to place an average of 30 individuals per year. With a loss of 3 counselor positions, the Division would be unable to place approximately 90 individuals with disabilities into employment. This translates into a reduction (in the) number of individuals becoming self-sufficient taxpayers.
>
> But the reduction in staff, plus our maximizing the match, will result in our ability to keep case-service dollars steady in fiscal year (FY) 2010 and FY 2011.

> Next, I would like to discuss our wait times. The Vocational Rehabilitation current average wait times are:
>
> - 12.1 business days from client contact to orientation
> - 10.8 business days from orientation to intake
>
> For the Bureau of Disability Adjudication, new cases are assigned to adjudicators the day they are received.
>
> I'd like to move to Budget Account (BA) 3268, Rehabilitation Administration.
>
> The mission of the Rehabilitation Division is to provide options and choices for individuals with disabilities to work and live independently. The Division administers a service delivery system that promotes consumer choice and assures quality services that include evaluation, counseling and guidance, training, and employment-focused services. Activities of the Division's Bureaus and programs are directed and supported by (the) Division Administration. There are a total of ten positions in this budget account and we currently have three vacancies. I would like to provide an update regarding the performance indicators for BA 3268.
>
> Performance indicator number 1 was the percent of clients satisfied with timeliness and service provision with a goal of 90 percent. The percent is determined based on direction from the US Department of Education's Rehabilitation Services Administration (RSA). The RSA requires the Division conduct a satisfaction survey every year. In conjunction with the Nevada State Rehabilitation Council, the Division worked with the University of Nevada Reno's Center for Research Design and Analysis and the Nevada Center for Health Statistics and Informatics to conduct a student and general client satisfaction survey in 2008. The overall rating for the Division was 76 percent. Working in conjunction with our Nevada State Rehabilitation Council, the Division has strategies for improvement in place.

Chair Denis asked what was involved in the measurement and how that was accomplished.

Ms. Braun answered the Division surveyed clients and questioned whether they were satisfied with service provided and with the job they received and similar questions of this nature.

Chair Denis referred to performance indicator 2 and asked how the "success rate" was determined.

Ms. Braun read the following:

> Performance indicator number 2 was the "success rate" for bureaus and programs of the Division. The goal was 90 percent. We attained a 71 percent success rate.

Ms. Braun explained performance indicator 1 represented customer service with clients where performance indicator 2 was a combination of all performance indicators.

Chair Denis asked what was being done to address the lower-than-anticipated performance levels.

Ms. Braun stated the Division worked with the Nevada State Rehabilitation Council to update and change goals and strategies, which was outlined in the state plan required by the federal government. Ms. Braun stated more outreach to minorities was needed.

Chair Denis said he would like to see what the Division was doing to accomplish those goals.

Ms. Braun continued reading:

> Performance indicator number 3 was the number of individuals with disabilities employed through contracts with state and local governments. This indicator was new (and) effective for FY 2008. This goal was exceeded, and a total of 195 individuals were employed. To date in FY 2009, 37 individuals have been employed.

Chair Denis asked why future projections were still at 25 when FY 2008 was at 195 and was this an anomaly. Ms. Braun explained this was because of good work with the state-use program. The economic situation led to the projection for FY 2010 and FY 2011.

Ms. Braun continued reading:

> Performance indicator number 4 was the percent of Nevada State Rehabilitation Council satisfied with timeliness and support provided. For FY 2008, the total was 93 percent. Our most recent survey in FY 2009 resulted in a 98 percent approval rating.
>
> Performance indicator number 5 was the number of employers and employees receiving information on the requirements of the Americans with Disabilities Act. We exceeded this indicator in FY 2008 for a total (of) 286. The current number for FY 2009 was 110. We are increasing the indicator in FY 2010 and FY 2011 to 200.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**DISABILITY ADJUDICATION (101-3269)**
**BUDGET PAGE DETR-37**

Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), read the following:

> Proceeding to budget account (BA) 3269, this is the Bureau of Disability Adjudication (BDA). The mission of the BDA is to provide quality, timely professional disability decisions to individuals in Nevada who claim benefits under the Social Security disability programs. The Bureau is 100 percent federally funded by the Social Security Administration. The Bureau is responsible for processing all applications for disability benefits under the Social Security Disability Income (SSDI) and Supplemental Security Income (SSI) programs. The Bureau is also responsible for conducting evidentiary hearings for those beneficiaries who are recommended for benefit termination.

> There are a total of 102 positions in this budget account and we currently have 12 vacancies. During this past year, we moved positions to our Las Vegas location. As positions became vacant in Carson City, they were moved. We currently have 12 positions assigned in Las Vegas.
>
> Performance indicator number 1 was mean processing time for SSDI. The goal is 89 days. We attained 100.2 in FY 2008. Currently for FY 2009 we are exceeding this goal and averaging a total of 80.6 days.
>
> Performance indicator number 2 was mean processing time for SSI. The goal is 89 days. We attained 102.8 days in FY 2008. Currently for FY 2009, we are averaging a total of 92.0 days. We have been focusing on aged cases, which have affected these numbers. Once we have completed the aged cases, we anticipate that this indicator will get back into place.

Chair Denis asked for clarification about applying for a disability with the federal government and how that related to the state.

Ms. Braun stated the federal government assigned each state the responsibility for adjudicating the claims and making the decision whether they were compensable or not.

Chair Denis asked for further clarification regarding the rejection of claims and the request for a hearing. After a discussion, Ms. Braun explained the Bureau conducted the hearing, and as the performance increased, the wait time for claims decreased.

Ms. Braun continued:

> Performance indicator number 3 was decision accuracy. The goal is an accuracy rate of 95 percent. We attained 92.6 in FY 2008. Currently for FY 2009 we are averaging a total of 94 percent.

Chair Denis asked about decision unit Enhancement (E) 250 and why the use of outside medical and physiological examinations did not increase in a manner similar to the 3.4 percent in decision unit Maintenance (M) 101. He said there appeared to be two different methodologies used to determine the increases.

Renee Olson, Administrative Services Officer, Department of Employment, Training and Rehabilitation, DETR, explained that in decision unit E250 the methodology used was the average increase-in-cost from year-to-year and decision unit M101 used the consumer price index (CPI). Historically, this had been the way it was calculated.

Chair Denis asked, other than historically, whether there was a reason the same methodology was not used for both.

Martin Ramirez, Consultant for DETR, explained the increase for contract doctors in decision unit M101 used the medical CPI, but in decision unit E250 the cost of the outside medical examinations was a variety of costs ranging from transportation to the doctors to a final examination. There were a number of assorted costs, so DETR used the last six years and averaged the actual costs experienced to develop a trend on increasing costs.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**VOCATIONAL REHABILITATION (101-3265)**
**BUDGET PAGE DETR-44**

Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), read the following:

> The Bureau of Vocational Rehabilitation (VR) is budget account (BA) 3265. The Bureau is 78.7 percent federally funded and 21.3 percent state-funded. Bureau staff is located in 14 locations throughout the state including Las Vegas, North Las Vegas, Henderson, Reno, Sparks, Carson City, Elko, Ely, Winnemucca, and Fallon. There are a total of 95 employees in this Bureau with 3 vacancies.
>
> Performance indicator number 1 is the percent of clients with a competitive employment outcome with a goal of 55.8 percent. This goal was exceeded in FY 2008 at 61.8 percent, and currently we are averaging 60.5 percent. This goal demonstrates the percentage of client cases closed that attain employment.
>
> Performance indicator number 2 is percent of cases that are closed as competitively employed with healthcare through their employer with a goal of 45 percent. This goal was exceeded in FY 2008, and we are currently averaging 55 percent. This goal is tracked so we can determine how successful we are in obtaining employment that provides healthcare.
>
> Performance indicator number 3 is the average hourly earnings of people placed in competitive employment from the prior state fiscal year with a goal of $10.48. This goal was exceeded in FY 2008 at $10.71 and we are currently averaging $10.59. This goal is tracked so we can determine that our clients are placed in a competitive employment setting earning a competitive wage.
>
> Performance indicator number 4 is the percent of clients served from ethnic minority populations with a goal of 35 percent. This goal was exceeded in FY 2008 at 37 percent, and we are currently averaging 37 percent. This goal is tracked so we ensure that we are providing assistance mirroring the same percentage of minorities in the working population in the state.

Chair Denis asked Ms. Braun to inform the Subcommittee what steps were being taken to increase minority participation and she indicated that she would.

Ms. Braun continued with BA 3265:

> Performance indicator number 5 is the percent increase in competitive employment placements for transition students from prior state fiscal year with a goal of 3 percent. We did not meet this goal in FY 2008 and attained a -7 percent. We are currently averaging 35 percent. To put these percentages in perspective, we placed 134 students in FY 2007, 124 in FY 2008, and to date in FY 2009, we placed 74. We have spent a considerable amount of time completing work that would have a positive effect on this percentage. We met with the Department of Education, each

> school district and their superintendents and special education staff in order to participate in one-on-one discussions about transition students.
>
> I would like to proceed with two personnel items and one contract item in this budget account.
>
> Starting with M160 which was position reductions approved in 2007-2009. Three positions were frozen in FY 2007 through FY 2009 and have been removed from this budget. These positions were cut due to the 14 percent overall budget reductions. We are requesting an amendment to our budget to keep these positions in order to better serve clients.

Renee Olson, Administrative Services Officer, DETR, added that decision unit E660 directly addressed the 14 percent budget reduction. The reason a budget amendment was requested was because of a series of events. The positions were frozen to meet General Fund reductions in FY 2009 and then eliminated in the budget request. Ms. Olson explained there was another source of matching funds which could be used for this program. When decision unit E660 was created, based on the new matching funds, the Bureau would be able to augment client service. At this point in the process, the number of employees and client service were out of balance. According to Ms. Olson, the Bureau would like to maintain the balance between staff who provided the service and the level of client-service money added to the budget.

Chair Denis asked where the Governor's Office stood on this amendment.

Ms. Olson said the Governor's Office had been notified regarding the amendment and had indicated it would be willing to work with the Bureau. The amendment had not been formulated but was in a preliminary stage.

Chair Denis stated the amendment was needed quickly and Ms. Olson agreed.

Ms. Braun continued reading:

> Next was decision unit E326 which is Services at Level Closest to People. This enhancement unit is for a customer satisfaction survey and needs assessment survey that are required by our federal agency, RSA (Rehabilitation Services Administration). The satisfaction survey is required by RSA to be completed every year. The needs assessment survey is required by RSA to be completed every three years. Our most recent needs assessment survey was completed in FY 2008. Our Nevada State Rehabilitation Council contracts with entities for these surveys. The Council reviews the survey's results to determine our Division goals and objectives and our course of action.
>
> Last is decision unit E901 which was the transfer from VR to Rehabilitation Administration. This enhancement unit is for the transfer of an administrative assistant 4, a management analyst 2, and a management analyst 3 from this budget account to BA 3268. It was recommended by our federal agency, RSA, that we transfer these positions in order to align funding with the nature of work that these positions perform. These positions perform analyses, produce federal reports, track legislative bills, and

> produce information requests from various state agencies and the public.

Chair Denis had a question on Section 110 Grant funds and asked what DETR was doing to find additional sources of matching funds.

Ms. Braun said authority was received for tobacco grant funding, specifically for assistive technology in northern and rural Nevada. Some of that funding was federally matched. The Division was working with Opportunity Village in Las Vegas and RSA to get authority to use donations from a private donor. Discussions were beginning with the Division of Mental Health and Developmental Services. Ms. Braun had not contacted the Department of Education.

Assemblywoman McClain asked whether the tobacco money was from the disability portion.

Ms. Braun answered that was correct, and it was managed by the Department of Health and Human Services (DHHS).

Assemblywoman McClain asked whether this would detract from grant funds for the disabled.

Ms. Braun did not know how DHHS managed the grant, but said she would find out for Assemblywoman McClain. Ms. Braun disclosed that the Division received grant money this year from the Tobacco Grant Fund, which made them a grantee.

Chair Denis wanted to discuss the Department's efforts to find additional sources of match to use the entire federal Section 110 Grand funding award to the state. There was $2,296,474 of unused funds in FY 2007 and $1,651,386 in FY 2008.

Ms. Braun said she would provide the Subcommittee with that information.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**SERVICES TO THE BLIND & VISUALLY IMPAIRED (101-3254)**
**BUDGET PAGE DETR-54**

Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), continued with budget account (BA) 3254 which was Bureau of Services to the Blind and Visually Impaired. They had the same performance indicators as BA 3265. She wanted to comment on performance indicator number five, which was the percent of increase in competitive employment placement for transition students, and the increase of 200 percent. Employment was provided to two students in FY 2007 and six students in FY 2008 which accounted for the increase.

Ms. Braun continued reading:

> Decision unit M160 is a position reduction approved (for) 2007-2009. We are asking approval of an amendment in order to keep these positions (two) so we can better serve our clients.
>
> Decision unit E900 is a transfer from Services to the Blind to Rehabilitation Administration. This enhancement unit is for the transfer of a management analyst 1 to BA 3268.

> Decision unit E252 is a request to increase one administrative assistant 2 from a part-time to a full-time position in order to improve the administrative processing of payroll and accounting functions. Historically, 1 staff person has been assigned 2 full time-equivalent numbers with 50 percent paid from BA 3254 and 50 percent from (BA) 3253.

Assemblyman Hogan stated it was commendable that DETR had the initiative to plan for budget amendments. If crucial positions could be restored, it would be a contribution helping clients through difficult times.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**BLIND BUSINESS ENTERPRISE PROGRAM (101-3253)**
**BUDGET PAGE DETR-63**

Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), read the following:

> The Blind Business Enterprise of Nevada (BEN) Program is budget account (BA) 3253 and provided information, assessment, training, and placement of blind individuals in vending in public buildings. This program is 100 percent funded by non-reverting funds, in other words, by money paid to the fund by the blind operator/vendors. This money is called "set aside." This program is operated under the federal authority of the Randolph-Sheppard Act. There are a total of 5.51 positions in the budget.
>
> Performance indicator number 1 is the percent of blind vendors achieving substantial gainful activity earnings with a goal of 90 percent. We exceeded this goal in FY 2008 at 92 percent. This performance indicator is determined by only using those vendors who have a net profit that exceeds the Social Security Administration's substantial gainful activity value. We are currently averaging 89 percent.
>
> Performance indicator number 2 is the percent increase of BEN Program total gross profits from the prior year. The goal is 2 percent. This performance indicator was exceeded in FY 2008 at 4 percent. We are currently at -3 percent. Our vendors are starting to experience the result of Nevada's economic situation.
>
> Performance indicator number 3 is the number of new trainees. Our goal is two new trainees per year. We exceeded this goal in FY 2008 at three. We have one new trainee so far in FY 2009.
>
> The enhancement unit E325 is Services at Level Closest to People. This enhancement unit provides allocation for new sites and improving existing sites. Our plan for new sites includes Red Rock Park and Clark County Shooting Park.

Chair Denis requested the current status on the new sites.

Ms. Braun said the Red Rock Park was in the discussion stage, but the Clark County Shooting Park was almost at contract finalization.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**

**CLIENT ASSISTANCE PROGRAM (101-3258)**
**BUDGET PAGE DETR-71**

Deborah Braun, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), read the following:

> The last budget is budget account (BA) 3258, Client Assistance Program (CAP), which ensures the availability of necessary and appropriate assistance to clients to facilitate progress toward success with our two rehabilitation programs. The CAP is 100 percent federally funded. There are a total of two positions in this program, and they are located in Las Vegas.
>
> Performance indicator number 1 is the number of individuals with disabilities receiving information and referrals through training and community outreach with a goal of 20. The goal was exceeded in FY 2008 at 640 and we are currently at 486. This performance indicator goal will be increased to 300 in FY 2010 and FY 2011.

Chair Denis asked whether the actual number of 640 individuals reported was determined in the same manner as the projection of 20. Ms. Braun explained this was a new performance indicator in FY 2008 and FY 2009 and that was why the indicator was increased in FY 2010 and FY 2011 to 300.

Senator Horsford asked why the new goals were 300 individuals if FY 2008 was 640 and FY 2009 was currently at 486.

Ms. Braun answered that the goals were set several months ago because of the uncertain economic situation.

Senator Horsford said these indicators were on informational and referral, not placement, so he felt that CAP should strive for a higher goal.

Chair Denis added the Subcommittee wanted performance indicators that were informational and showed progress and trends.

Ms. Braun concluded reading:

> Performance indicator number 2 is the number of individuals using CAP for alternative dispute resolution with a goal of 50. This goal was reached in FY 2008 and (CAP) was currently on track to reach this goal in FY 2009.
>
> Performance indicator number three is the percent of cases closed within 90 days with a goal of 90 percent. This goal was exceeded in FY 2008 at 99.83 percent, and we are on track to exceed this goal in FY 2009.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**EMPLOYMENT SECURITY (205-4770)**
**BUDGET PAGE DETR-77**

Chair Denis said he was sure the agency had information prepared, but his number one question was wait times for response to emails.

Cynthia Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation (DETR), answered that wait times had been a struggle given the economic downturn and doubling of the workload. A number of measures had been implemented to improve the wait times; most important was hiring staff to answer phones. Ms. Jones stated that over half the agency was new staff at this point. The phone system capacity had been expanded, and additional staff were assigned to answer emails, which had a two-day turnaround. Ms. Jones said the current average wait times were approximately 60 minutes with the longest time being 120 minutes.

Chair Denis asked whether the number of phone lines had been expanded. He had heard the agency had maxed out the number of phone lines available.

Ms. Jones answered that through the work programs submitted, the agency had requested authority for 12 additional T1 lines. The agency had worked closely with the vendors to expedite installation to balance the calls between the north and the south and allow more phones into the system. Ms. Jones said one problem the constituents had was getting a busy signal.

Larry Mosley, Director, Department of Employment, Training and Rehabilitation (DETR), said the agency was considering proactive measures and anticipating the unemployment numbers, which had a direct effect on wait times. The DETR was also implementing creative measures in case the number of phone calls continued to rise.

Ms. Jones said the Division was responsible for the administration of a number of unemployment insurance programs, numerous federally funded employment training programs, and one state employer-funded employment and training program. The Division also had responsibility for oversight of Workforce Investment Plans and projects that were administered through the local Workforce Investment Boards.

Ms. Jones wanted to provide the Subcommittee with an update on information discussed at the meeting on January 28, 2009. The unemployment rate did not appear to be improving. In January, DETR was paying benefits to approximately 78,000 claimants per week; in the past two weeks the number had increased to 90,000 claimants per week, which was a 15 percent increase.

Ms. Jones said the Division was taking steps to resolve issues with the call-center wait time. The steps included providing technology to reset pin numbers over the Internet and setting up special dedicated lines for resetting pin numbers that would be answered by staff in the rural offices. The agency was considering technology which would help manage calls by giving callers the option of waiting on the line or speaking their name and phone number. The system would call them back when it was their turn to speak to an agent.

Senator Horsford asked whether the Governor had authority to issue waivers such as those issued after September 11, 2001, regarding the weekly reporting of job searches.

Ms. Jones answered that a positive report of the work search was not required, but was verified though a random check. The Division was working with the Governor's office on emergency regulations for the "backdate provision." If someone filed a claim but had difficulty getting through to an agent, the claims examiner could backdate the claim up to two weeks. If a request was made to backdate a claim longer than two weeks, it must go through the adjudication process which delayed payment of the claim. Ms. Jones said the Division was working with the Governor's Office to implement emergency regulations that would allow an examiner, who received a reasonable explanation, to backdate a claim up to four weeks and expedite the processing of payment. This was a key initiative the Division was working on.

Senator Horsford questioned what the requirements for reporting job searches were when a claimant was approved for unemployment.

Ms. Jones answered that workers who received unemployment insurance benefits had to maintain a personal log of their work searches, but that information was not reported to the Division unless they were chosen for a random review. There were a variety of methods in which workers were selected to verify their work searches and were provided coaching in how to appropriately seek employment.

Senator Horsford asked whether job training qualified as seeking employment.

Ms. Jones said that those enrolled in an approved job training program could have their work search waived.

In response to a question from Assemblyman Goicoechea, Ms. Jones explained that the technology was not yet available for workers to call, leave information, and wait for a callback. The staffing for this project was in a work program that had been submitted to the Interim Finance Committee (IFC). Cell phones would be provided to staff to answer, collect information, and the Division would return the call during off-peak hours. There was also new call center technology available which would automate the callback process.

Assemblyman Goicoechea surmised that with the current system, a claimant waited approximately two hours, which was very frustrating. He hoped the Division would move forward with the technology proposed.

Ms. Jones stated that in addition to the regular unemployment insurance program, the Division was administering two federal extensions for unemployment benefits for those who had exhausted their regular claims with additional eligibility of up to 33 weeks. Within the next couple of weeks, based on a statutory formula, the Division would be starting the state extended benefits program, where claimants might be eligible for an additional 13 weeks. Those benefits were funded half by the state Unemployment Insurance (UI) Trust Fund and half by the federal trust fund.

Ms. Jones said that as part of the stimulus package, a new unemployment insurance program was being made available where claimants would receive an additional $25 per week.

Ms. Jones wanted to cover other items in the stimulus package. Through the UI Modernization Act, which was part of the stimulus package, Nevada would be eligible to receive up to $76.9 million. The UI modernization did not mean system modernization, but rather the modernization of the UI provisions. The first provision that was required to access those funds was to establish an "alternate base period," which required a statutory change and a budget amendment. The Division was working with the Budget Division to quickly introduce a budget bill and a companion bill draft request (BDR).

According to Ms. Jones, the Division expected to receive $5.5 million for the administration of the UI programs, which had been underfunded nationwide by approximately $500 to $600 million in recent years. The Division also expected to receive $5 million in employment service program funds which were targeted for reemployment services for the UI beneficiaries. There was $20 million expected by Nevada to be used as pass-through funds to the local Workforce Investment Boards for employment and training programs. Ms. Jones concluded that through the stimulus package it appeared there would be an opportunity to apply for competitive grants for investment in employment training programs for specific industries or special populations.

Chair Denis had a concern regarding the UI Trust Fund balance and understood there would be a negative balance by 2010. He asked Ms. Jones to update the Subcommittee on this information and whether the projections were still valid.

Ms. Jones answered that the projection had not changed, and the Division believed the Trust Fund could be negative $20 million by the end of 2009. The UI modernization funds would delay the timing, but not by much. The Division was paying out $20 million per week.

Chair Denis asked once there was a recovery, what was the timeframe to repay the $720 million.

Ms. Jones said it depended on the methodology used and how quickly the economy recovered. It also depended on the strategy taken towards the taxing structure. It was the goal of the DETR to maintain countercyclical funding to build reserves during periods of economic prosperity to carry benefits through an economic downturn. The Division was not as well situated as would have been necessary to absorb the current economic shock. Ms. Jones noted that in December 2008, Nevada had the 19th strongest trust fund in the country. Three of the four states with the highest unemployment rates were already borrowing funds. The potential shortfall was not indicative of how the DETR managed the Trust Fund assets, but was a result of the severe economic conditions no one could have predicted. It was expected that before economic recovery began, there would be between 30 and 36 states borrowing from the federal government to pay benefits. Ms. Jones concluded that the goal for restoring the Trust Fund balance would be to build the reserves in sufficient time for the next economic downturn which usually occurred in ten-year cycles.

Chair Denis stated the Workforce Transformation Unit was established to "promote efforts that advance workforce and education initiatives with employers, labor organizations, postsecondary educational institutions, trade associations and other stakeholders." He asked Ms. Jones to describe the program and services that it would provide.

Ms. Jones answered that workforce investment programs were based on the desires of the workers: what kind of training they wanted, what school they wanted to go to, and what career path they wanted to take. The Workforce Transformation Unit was seeking to change this. Nevada was selected by the National Governor's Association and the Department of Labor to engage in transformation initiatives that were more business-focused. This initiative would channel workers into careers that were growing and had high wage potential and a stable employment front. Through decision unit Enhancement (E) 330, the Division wanted staff support for Team Nevada. Team Nevada was comprised of a variety of leaders from state entities, business executives, local governments, and education partners to develop a comprehensive workforce strategy, leverage resources, and breakdown "some of the silos" where everyone was going in different directions with their workforce investments.

The Division would target certain specific industries that were growing, specifically, green energy, healthcare, and mining. Also targeted were special populations such as inmates at the Department of Corrections. This addressed the employment training needs of those who were going to leave incarceration and rejoin society. Ms. Jones said the best prevention against recidivism was a good-paying job. She concluded that the Division wanted staff support that would facilitate the partnership and collaborative efforts so there could be a strategic workforce plan which invested in Nevada's workers for the future. The Workforce Transformation Unit would be charged as the central point to apply for and as a clearinghouse for Workforce Investment grant opportunities.

Mr. Mosley said that in addition to the activities Ms. Jones described, because of the stimulus activity, the Department had been given very clear directions from the Department of Labor as it related to implementation of stimulus funding, specifically in the area of workforce training. The Workforce Transformation Unit had been charged with the formulation, oversight, and success management plans to incorporate the use of the recovery act funding and other applicable grants geared towards training. The Unit would also be charged with working with community organizations to understand what specific workforce needs the Department could address. Mr. Mosley was informed that there would be over $7 million for the state specifically for youth funding.

Chair Denis cited decision unit E326, which asked for one attorney and a legal secretary. He noted outside legal counsel was currently used and asked whether the Division would be able to spread the workload sufficiently so one attorney could manage the workload without the need for additional outside counsel.

Ms. Jones stated it was the intent of the Division to not employee outside contract counsel. The Division had been using outside counsel for 20 years and were one of the few workforce agencies that did not have its own legal counsel. As the number and complication of tax cases and the volume of petitions for judicial review of UI claims increased, the Division was in need of more legal counsel than the part-time access of the counsel currently available. By bringing the function in-house, the Division would have access to full-time counsel for the price of the part-time counsel.

Chair Denis asked whether decision unit E325, where the Division requested $3.8 million for the intermittent positions, would be sufficient based on the recent work program presented to the Interim Finance Committee (IFC) for 47 positions and the pending work program for an additional 76 positions.

Ms. Jones did not believe $3.8 million would be sufficient. As part of the budget amendment being prepared, those numbers would be reviewed because the amount of $3.8 million had been forecast before the economic climate had taken a downturn.

Ms. Jones said the intent of the Department was to submit all amendments together, and as the stimulus details become available, it would be better situated to know what the amendments needed to be.

Chair Denis asked whether there was a date for the amendments.

Ms. Jones conferred with Renee Olson, Administrative Services Officer, DETR, and neither had a specific date for the amendments.

Ms. Jones said it was difficult with the stimulus package because the numbers kept changing and because of the conditions attached to the funds.

Chair Denis stated that decision unit E125 recommended $234,600 for Master Services Agreement (MSA) programmer charges to change the UI rate methodology to allow for a joint account and group experience. It was the understanding of Fiscal staff that this change in rate methodology required a statutory change. Chair Denis asked whether there had been a bill draft request (BDR) submitted to implement this change.

Ms. Jones answered the BDR had been submitted. The BDRs, which had a budgetary effect were due to the Legislature Counsel Bureau (LCB) on February 20, 2009.

Chair Denis asked if decision unit E587 was approved, whether the rate methodology modification to the current system would still be required.

Ms. Jones answered that decision unit E587 would be part of the modernization process to allow for group rating.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**CAREER ENHANCEMENT PROGRAM (205-4767)**
**BUDGET PAGE DETR-89**

Chair Denis asked a question regarding revenue projections, noting that to reach the budgeted amount in fiscal year (FY) 2010, the assessments needed to be increased by 12 percent in both FY 2009 and FY 2010. He wondered whether the Division was confident that the recommended wage assessment revenue would be achieved or should revised projections be submitted reflecting current economic conditions.

Ms. Jones stated Chair Denis was correct regarding a revision, and this was one of the budget amendments that was going to be introduced. There was no growth projected in the fund.

Chair Denis said Assemblywoman McClain had a question regarding incumbent workers and wondered what entities were participating and how much they were participating.

Ms. Jones answered there were two requests for proposal (RFP) each year for approximately $500,000 for entities to apply for funds for incumbent workers or specialized training programs. She said she would provide the list to staff. The first year over 300 workers had been trained and had an average wage increase of 21 percent. One of the key components of any Workforce Investment strategic initiative was when skills were elevated and the incumbent worker moved to a higher position, which created a new job at the bottom of the organization.

Chair Denis asked about decision unit E325, the Reemployment Services program, in regard to the savings to the UI Trust Fund in relation to the dollars spent on the program and the type of client services provided.

Ms. Jones said she was pleased with the initiative that started as a federally funded program to reconnect UI recipients with employment and training services that were provided through the JobConnect and Workforce Investment System Partners. As the UI programs had moved to remote filing and were no longer processed in person, the disconnection had broadened. The Reemployment Service program sought to reengage the UI recipients through in-person interviews, a review of their unemployment eligibility and the provision of labor market and information regarding the various employment and training workforce services available. Ms. Jones said the Division had been successful, with approximately $400,000 per year invested in the program compared to savings last year of approximately $5 million in the Trust Fund. The Trust Fund savings were identified because participants in the program went to work two weeks earlier than nonparticipants. There was a lower Trust Fund savings projection than previous years because of the declining job market.

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**
**EMPLOYMENT SECURITY – SPECIAL FUND (235-4771)**
**BUDGET PAGE DETR-98**

Cynthia Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation (DETR), said at the meeting held on January 28, 2009, the Department was seriously considering delaying the Unemployment Insurance (UI) modernization project because the trust fund was projected to have a zero balance by the end of the year. However, the Department had decided to move forward with the UI modernization project for a number of reasons. She said the $35 million investment in this system, which had a projected 10-year lifespan, was about 2 weeks worth of benefits. The UI funds could still be borrowed because the stimulus bill appeared to include a provision that would allow states to borrow funds to pay benefits for up to one year. As David Haws, Administrator, Information Development and Processing Division, DETR, stated, one portion of the system would fail by the year 2017, which shortened the time frame to get the system replaced. Ms. Jones concluded that if the federal Reed Act funds were not used to fund the system's replacement, it could be difficult to find funds at a later date.

Assemblyman Hogan asked whether phase 1 of the UI modernization project was completed and whether the request for proposal (RFP) for phase 2 was assembled and ready to be issued.

Ms. Jones answered that the Division was close to completing the documentation necessary to issue the RFP and should do so in the next few months.

Chair Denis stated decision unit E730 had a portion that was for preventive maintenance of various Division parking lots through the Capital Improvement Program (CIP). The concern was that $58,768, representing 30 percent of the cost, was going to the Public Works Board. He asked why the Department had to use Public Works to do the slurry seal of the three parking lots.

Ms. Jones said she did not have the information with her but would provide it to Fiscal staff.

Chair Denis said it seemed like a simple project and the Subcommittee did not understand why there was so much planning and administrative overhead to slurry seal three parking lots.

Chair Denis referred back to Budget Account (BA) 3272 because staff needed some further clarification.

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said the question was in regard to the utility inflation which was not included in DETR's operating budget. He asked for clarification that the utility funding recommended to be placed in the IFC Contingency Fund was for General Fund agencies. Because DETR was primarily cost-allocated, the IFC utility funding would not be available to DETR. Mr. Atkinson asked, for purposes of the budget closing recommendation, whether this account should be inflated.

Stephanie Day, Deputy Director, Budget Division, stated that Mr. Atkinson was correct. General Fund and Highway Fund revenue was placed in the IFC Contingency Fund for individual agencies to request funds for increased utilities. Agencies not funded by the General Fund or the Highway Fund would need to complete work programs. If the work programs met the IFC threshold, then the IFC would consider them and those funds would have to be transferred from other budgets of those agencies.

Chair Denis asked whether there was any public comment.

Chair Denis adjourned the meeting at 10:38 A.M.

RESPECTFULLY SUBMITTED:

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Christine Bashaw
Committee Secretary

APPROVED BY:

Moises Denis
______________________________
Assemblyman Mo Denis, Chair

DATE:______________________________

Steven Horsford
______________________________
Senator Steven Horsford, Chair

DATE:______________________________

## EXHIBITS

**Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on General Government and Accountability**

**Date: February 16, 2009** **Time of Meeting: 8:13 a.m.**

| Bill | Exhibit | Witness / Agency | Description |
|---|---|---|---|
| | A | | Agenda |
| | B | | Attendance Roster |