

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

Seventy-Fifth Session
March 3, 2009

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Human Services and Capital Improvements was called to order by Chair Sheila Leslie at 8:05 a.m. on Tuesday, March 3, 2009, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. 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 Ocegüera, Vice Chair
Assemblyman Morse Arberry Jr.
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

STAFF MEMBERS PRESENT:

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

Chair Leslie stated that the Subcommittee would review the budget for the Division of Welfare and Supportive Services.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
WELFARE – ADMINISTRATION – BA 101-3228
BUDGET PAGE WELFARE-1

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, introduced himself and his staff to the Subcommittee: Sue Smith, Chief, Budget and Statistics and Gary Stagliano, Deputy Administrator, Program and Field Operations.

Mr. Gilliland said that he had been appointed as the Administrator of the Division of Welfare and Supportive Services (DWSS) less than 90 days ago, and had been working diligently to identify the challenges facing both the DWSS and needy persons in Nevada. He stated he had also been working to formulate a strategic plan for meeting those challenges within the constraints of the state's financial picture, along with constructing the budget for the DWSS that he would present to the Subcommittee at today's hearing.

According to Mr. Gilliland, the mission of the DWSS was to provide quality, timely, and temporary services enabling Nevada families, the disabled, and the elderly to achieve their highest levels of self-sufficiency. Mr. Gilliland stated that he had identified five priorities as critical for the success of the DWSS in fulfilling its mission statement:

1. Provide adequate staffing to meet increasing caseload demand within the federally mandated time frame.
2. Expand the use of technology to maximize program efficiencies.
3. Maximize efficiencies within the Child Support Enforcement Program to ensure families in Nevada received the child support they were entitled to in a timely manner.
4. Provide an orderly transition of the Child Care Assistance and Development Program to ensure that the highest number of eligible families received child care support, and that families were able to place their children in safe environments while they worked or received training.
5. Address the identified inefficiencies within the Energy Assistance Program.

Mr. Gilliland stated that as the state experienced high unemployment rates, high home foreclosure rates, and general financial distress, it was absolutely critical for the DWSS to use every opportunity to maximize every dollar spent, and to ensure that every federal dollar the state was entitled to was working for Nevada's citizens.

Mr. Gilliland indicated that Subcommittee members had been provided with an overview of the proposed budget for the DWSS. He stated he would walk the Subcommittee through the proposals and provide a thorough explanation of the spending strategy of the DWSS to meet its established priorities.

Mr. Gilliland called the Subcommittee's attention to [Exhibit C](#) entitled, "Nevada Department of Health and Human Services, Division of Welfare & Supportive Services, 2009-2011 Budget Supplemental Information." He stated that the first page of the exhibit depicted the Temporary Assistance for Needy Families (TANF) caseload projection. Mr. Gilliland said there were

currently 23,000 TANF recipients and the DWSS projected that the total would be approximately 30,000 TANF recipients by the end of the current biennium, with the TANF caseload peaking at approximately 32,000 recipients.

Page 2 of the exhibit depicted the Medicaid caseload. Mr. Gilliland explained that there were currently 197,000 Medicaid recipients, and the projected number of recipients at the end of the current biennium was 237,000. Page 3 of the exhibit depicted the Supplemental Nutrition Assistance Program (SNAP) [former Food Stamp Program] recipients. Mr. Gilliland reported that there were currently 123,000 SNAP recipients, and the projected number of recipients at the end of the current biennium was 261,000. Mr. Gilliland pointed out that the DWSS projected steep growth in each of the aforementioned programs, and one of the challenges facing the DWSS was how to meet the needs of the increasing caseload.

Page 4 of the exhibit was a point of reference for income levels to meet the percent of poverty mandated by the various programs, and how those rates related to each program. For example, said Mr. Gilliland, the Energy Assistance Program was at 150 percent of poverty, and the chart showed the income level to meet that requirement for families that included one through eight members. The chart listed the corresponding percent of poverty for each of the programs administered by the DWSS.

Mr. Gilliland said the Welfare Administration Budget Account (BA) 3228 funded administrative expenses associated with ensuring public assistance programs were administered in accordance with federal and state regulations. He indicated that the budget was designed to allow field service staff to provide quality, timely, and temporary services that would enable Nevada families to achieve their highest level of self-sufficiency.

Mr. Gilliland stated that performance indicators number 4 and 5 in BA 3228 had been revised for the upcoming biennium. He explained that performance indicator number 4 addressed the average wait-time for clients to speak with a customer service agent. Mr. Gilliland stated that the actual wait-time in FY 2008 was 22 minutes, and the projection for FY 2010 and FY 2011 was 14 minutes. Performance indicator number 5 also addressed the average wait-time for clients to speak with a customer service agent, but that performance indicator included the additional staff requested by the DWSS. Mr. Gilliland indicated that several performance indicators for the DWSS showed the effect of performance as submitted in the base budget and the effect after implementation of the caseload maintenance units as requested by the DWSS.

Chair Leslie asked Mr. Gilliland to address the Technology Investment Request (TIR) as proposed in The Executive Budget.

Mr. Gilliland stated that decision units Enhancement (E) 277 and E589 addressed the proposed TIR. He explained that decision unit E589 in BA 3228 was in conjunction with decision unit E589 in BA 1325, Department of Administration – Information Technology Projects. Mr. Gilliland stated that E277 would provide the nine staff positions required for the program, and decision unit E589 addressed the actual hardware and software implementation.

According to Mr. Gilliland, the TIR focused on four primary elements:

1. Establishment of an electronic application that would allow persons within the State of Nevada to submit an application via the Internet to one of the DWSS offices, as well as update any personal information contained in that person's file.
2. Implementation of document imaging and scanning that would allow the DWSS to move from a heavily paper-related process to digital storage and access to documents. The electronic process would allow the DWSS staff to scan a document and properly distribute that document to corresponding areas throughout the state. The application could also be used by multiple programs, such as the TANF, SNAP, or Medicaid programs.
3. Provide a common retrieval overlay, which would allow the existing operating systems in the DWSS, such as the NOMADS and OASIS systems, to work in the background. Provide a more user-friendly retrieval system for the user with a Windows-like environment so that users could easily work between the various operating systems. Allow the ability for information from one operating system to migrate to the other systems.
4. Flatten security to allow statewide access and processing of regional activities.

Mr. Gilliland explained that clients who frequented the various DWSS offices were only able to apply for eligibility within that office, and modifying the security overlay would allow the DWSS to address client eligibility on a statewide basis. For example, electronic applications received in southern Nevada could be handled by available eligibility workers in northern Nevada.

Chair Leslie said she was struggling somewhat regarding how the system would operate. She asked whether a supervisor would notice when an eligibility worker in southern Nevada was overloaded with cases. She wondered how the supervisor would know where to transfer the cases.

Mr. Gilliland explained that one scenario would be if a DWSS caseworker suffered a significant overload, the operating system would allow some of that overload to be shifted to a caseworker at another location. Another example would be if eligibility workers at the Flamingo Office in Las Vegas were overloaded, certain elements of the cases could be shifted to other office locations where additional seating was available for eligibility workers. Mr. Gilliland stated that the system would allow workloads to be balanced and could be used to overcome significant regional shifts in workloads.

Chair Leslie asked Mr. Gilliland whether he said shift the "work" or shift the "worker." Mr. Gilliland said the work would be shifted to other offices. Chair Leslie asked for clarification. Mr. Gilliland explained that if the Flamingo Office in Las Vegas was fully staffed and the DWSS recognized that there was a case overload within that office, rather than adding additional facilities for staff within that office, the DWSS could shift some of the caseload eligibility work to another office that had seating available for added staff.

Chair Leslie asked whether he was addressing available seating for staff, and Mr. Gilliland stated that was correct. Mr. Gilliland indicated that the program addressed a staff-related item. The system could be used to better balance the locations where staff would be working on eligibility considerations. Chair Leslie asked how the work would be distributed. Mr. Gilliland said that

the manager of Field Services would balance staff between offices and would also balance the caseload between offices.

Chair Leslie asked whether such a system had been tried successfully in other states. Mr. Gilliland was not aware of any other state that had such a system in place. Chair Leslie said she was not opposed to the Technology Investment Request (TIR), but she was somewhat leery.

Mr. Gilliland explained the security protocol for the DWSS at the present time. He stated that applications submitted by clients for TANF or SNAP benefits went through an eligibility process. Today, said Mr. Gilliland, the DWSS had only a small unit within any given office that could actually work on client eligibility cases because of the restrictions created by the paper packet. He stated that within each office there were security restrictions that allowed only the appropriate unit to work on any particular case. Mr. Gilliland explained that when an eligibility unit was overloaded, the proposed TIR would allow eligibility workers to request the assistance of other eligibility workers to help with the increased caseload.

Chair Leslie said that shifting work among workers in one office location was easier to understand. Mr. Gilliland stated that would be the first step, which was to balance the caseloads between all units within an office.

Chair Leslie asked whether the DWSS would use a specific vendor for the TIR. Mr. Gilliland said the overall concept of an electronic application, document imaging, and the common-retrieval overlay had been utilized by other states. The only element that he was not sure had been utilized by other states was the use of consistent security levels.

Mr. Gilliland said that the DWSS was attempting to initiate the process as quickly as possible. The DWSS had been working with the Purchasing Division and would submit a Request for Information (RFI) sometime during the next two weeks to solicit input regarding how the Request for Proposal (RFP) should be structured. Mr. Gilliland stated that the RFP would be structured in a way that allowed open bidding, rather than limiting the bid to one particular company.

Chair Leslie said it appeared the DWSS had settled on the concept, but had not yet determined what was needed in the software package. Mr. Gilliland stated that was correct. The intent of the DWSS was to initiate the process so it would be in position to move forward at the beginning of the new biennium, subject to the approval of the Legislature.

Chair Leslie asked about document imaging and whether only new cases would be imaged. Mr. Gilliland said the first step would be to implement the program in a pilot office where document imaging would be used for June 2009 cases with a future phase-in of active cases. He stated that the DWSS wanted to create a common location for storage of file jackets, particularly in the Las Vegas area. To initiate such storage, a bar-coded file-tracking system would be necessary to maintain the location of each paper packet. Mr. Gilliland said that system would be designed to move the DWSS forward for the next two years, and would allow the DWSS to identify the location of older case-file jackets as it transitioned the new cases into electronic document imaging.

Chair Leslie said it appeared that the money in the budget was intended to cover only new cases. Mr. Gilliland said the DWSS had not yet worked out all the elements of the process, and the money in the budget would be used to establish the capability. As the project progressed, the DWSS would need a transition plan.

Assemblywoman Gansert asked whether those clients in the Reno area had to access the DWSS office located at 3697 Kings Row for assistance. She also asked whether the technology proposed in the TIR would allow clients to apply at Family Resource Centers (FRCs). Mr. Gilliland replied that at the present time, clients in the Reno area had to apply for services at the DWSS office located on Kings Row. According to Mr. Gilliland, one of the objectives with the electronic application was that any community partner could assist a client with an electronic application.

As a point of reference, Mr. Gilliland explained that a study was recently conducted by Purdue University in Indiana, and that study concluded that 40 percent of welfare recipients in that area would be willing to access an electronic application process in lieu of completing a paper application. The study also concluded that 24 percent of welfare recipients actually had access to a computer.

Assemblywoman Gansert asked whether clients could access electronic applications from the Health Access Washoe County (HAWC) clinics. Mr. Gilliland believed that would be possible if the HAWC clinics would allow clients access to its computers or assist clients with completion of an electronic application. He pointed out that electronic applications would be accessible through any computer throughout the county.

Assemblywoman Gansert stated that she had received input from constituents who were searching for electronic applications because of the difficulty that clients experienced in traveling to the Kings Row office. It also appeared that the DWSS was attempting to streamline its process with the single electronic application and document scanning.

Mr. Gilliland stated that the DWSS was definitely attempting to streamline the application process. Currently, clients had to go through a lengthy paper application process, which was structured for various circumstances that would meet eligibility requirements for various programs. Mr. Gilliland said that when a client began inputting information into the electronic application, the assistance requested would be tailored to the circumstances of the client. For example, a client applying for SNAP program benefits could complete the electronic application process in a significantly shorter period of time than was currently required in completing the paper application.

Chair Leslie asked whether the application would be available to anyone on any computer. She wondered whether a client could access the application through a home computer. Mr. Gilliland explained that the application would be web-based and anyone who had access to the Internet could access the application. Once the TIR was complete, the client could actually submit the application electronically to a DWSS office. Mr. Gilliland said that as a client was completing the application, the program would advise the client regarding the documents that had to be submitted in conjunction with the application.

Chair Leslie believed that the electronic application process would be a huge step forward for the DWSS and its clients.

Assemblywoman Smith said it was her understanding that as a client was filling out the electronic application, the program would also advise when the client failed to input the correct information. She noted that when a client submitted a paper application that was not properly completed, a staff member would be required to follow-up with the client, which created lag time for benefits and used more staff time.

Mr. Gilliland advised that the proposed TIR would provide notice regarding whether or not the client had completed the application correctly. The program would also review the facts and circumstances and indicate whether or not the client had a likelihood of qualifying for the program. Mr. Gilliland explained that if the client entered information that the program flagged as not eligible, the client would be immediately informed and could then attempt to qualify for another benefit.

According to Mr. Gilliland, one of the advantages of working with community partners that had access to programs other than those available through the DWSS was that while persons at the community partner location assisted clients with the electronic application, they could also advise the client about other available community programs.

Today, said Mr. Gilliland, the DWSS rejected more than 50 percent, and accepted approximately 40 percent, of the applications received. The DWSS hoped that with the implementation of the TIR, the situation would be reversed, and the DWSS would accept more than 60 percent of the applications submitted. Mr. Gilliland stated that more applications would be accepted because clients would be aware of the information that was needed, and the electronic program would provide guidance throughout the process of completing the application.

Assemblywoman Smith asked whether the DWSS accepted 40 percent of the applications when first submitted or was that the final tally of applications accepted. She wondered whether the TIR would increase the caseload for the DWSS by 20 percent.

Mr. Gilliland pointed out that when the State of Florida initiated an electronic application, it determined that there was no increase to the overall caseload because of that process. He stated that the DWSS did not anticipate an increase in caseload but rather believed there would actually be fewer applications submitted. Mr. Gilliland believed that the DWSS would approve a higher percentage of those applications, which would result in the caseload as projected.

Chair Leslie asked how the TIR would affect worker productivity once it had been put into place, and whether the DWSS had factored possible savings into its budget toward the end of the biennium.

Mr. Gilliland said the DWSS anticipated a 20 percent improvement in worker productivity. He further explained that the DWSS had not adjusted decision unit Maintenance (M) 200, which was a request for staff for the upcoming biennium. However, another factor that should be taken into consideration was the most recent caseload projections, which indicated that the DWSS would be approximately 50 to 90 positions understaffed at the end of biennium. Mr. Gilliland said the DWSS hoped it could implement the elements of the TIR in a way that would offset the request for additional staff.

Mr. Gilliland indicated that the DWSS would monitor the situation over the biennium and carefully consider how it could increase staff in its Field Services offices, possibly through use of intermittent workers. Also, the DWSS had to ensure that from a brick and mortar perspective, it was not making long-term commitments for staff that would no longer be needed as the TIR was implemented.

Chair Leslie asked for clarification of intermittent employees. Mr. Gilliland explained that would mean hiring temporary rather than full-time employees.

Chair Leslie asked about the proof that a client was required to submit when filling out an application for services and whether clients would be advised to submit the necessary documentation.

Mr. Gilliland explained that after the client completed the electronic application, the program would provide the client with a list of required documents. The client would be required to bring those documents into an office to be scanned and maintained in the client's electronic file. Chair Leslie asked whether the program would also schedule an appointment for the client. Mr. Gilliland said that was not included in the proposal, but he believed it was a good idea. Chair Leslie opined that scheduling time online was very efficient.

Mr. Gilliland reported that the DWSS was contemplating the immediate steps it could take to relieve the lobby traffic in its offices, and he believed that scheduling appointments through the program would be a good addition to that list. Chair Leslie believed that the DWSS was definitely heading in the right direction.

Chair Leslie asked Mr. Gilliland to address the proposed caseload increases and the request for two quality control positions.

Mr. Gilliland noted that decision unit Maintenance (M) 160 recommended the elimination of 12 positions from BA 3228, one of which was a quality control position. According to Mr. Gilliland, if the recommendation in M200 for two quality control positions was approved, the net increase to the DWSS would be one position. Mr. Gilliland mentioned that the national average for an active caseload was 10 cases per month, and the DWSS currently assigned 18 to 23 cases per month to staff for both active and negative error rates. He noted that the DWSS was not complaining about that ratio and believed the cases were being handled appropriately. However, said Mr. Gilliland, as caseloads increased, the DWSS would need the additional staff as requested.

Chair Leslie asked how the request for two quality control positions would address compliance with federal mandates. Mr. Gilliland replied that quality control positions conducted random caseload examinations of cases from field offices to ensure that the DWSS was in compliance with federal mandates. The quality control group would determine both an active and negative error rate. Mr. Gilliland explained that the error rate had to be within federally mandated standards. He stated that when a case from southern Nevada or another field office was sent for review, the original case jacket had to be sent to the quality control staff in Carson City. The case would then be reviewed as quickly as possible and the original file jacket returned to the sending office.

Mr. Gilliland stated that the DWSS was currently working on a light document imaging program that would allow case jackets to be imaged and the digital copy sent to quality control staff. The copies would not be digital images that

could be used over and over, but the images would meet the particular need for review by quality control staff. Mr. Gilliland stated that the imaging program would eliminate the need for the DWSS offices throughout Nevada to send original case jackets to Carson City.

Chair Leslie stated that the 2007 Legislature approved funding for the purchase of computer software called Q5i, and she asked whether the software had proven beneficial to the DWSS. Mr. Gilliland said that the Q5i software had been partially implemented. The challenge facing the DWSS was that the federal government was in the process of changing the performance measures in Q5i. Mr. Gilliland stated that the portion of the Q5i software that had been implemented was more efficient than the manual quality assurance process and met the needs of the DWSS. However, because the federal requirements had not been fully established, the program had not yet been fully implemented.

Mr. Gilliland informed the Subcommittee that the DWSS was still struggling with the Q5i software, but it had secured outside vendor support. He reported that the DWSS hoped to stay in concert with federal changes. He reiterated that the portion of Q5i software that had been implemented had significantly improved the manual version of the quality assurance process.

Chair Leslie commented that decision unit M201 would add one hearing officer position, and she asked whether there was a backlog of cases that necessitated the request.

Mr. Gilliland said that as of today, the DWSS had received approximately 4,000 requests for hearings, and of those requests, approximately 10 percent would require hearings and the remaining requests could be resolved prior to a formal hearing. Over the last several years, the DWSS had seen a 50 percent to 100 percent increase in the number of hearings being held. Mr. Gilliland remarked that the DWSS currently had only one hearing officer on staff.

Today, said Mr. Gilliland, the DWSS was currently about 60 days over the federally mandated hearing time frame of 90 days for TANF, Medicaid, and the Child Care Assistance and Development Program, which meant that hearings were conducted within approximately 150 days. Mr. Gilliland stated that the federally mandated time frame for hearings regarding the SNAP program was that a hearing decision should be rendered within 60 days, and the current time frame for SNAP hearings was 120 days.

Mr. Gilliland indicated that the request for an additional hearing officer in decision unit M201 was designed to meet the anticipated increase in hearings, as well as help to bring the timeliness of all hearings into compliance with federal guidelines.

Chair Leslie asked what effect the American Recovery and Reinvestment Act of 2009 (ARRA) would have on recipients of the Thrifty Food Plan. Mr. Gilliland stated that the stimulus bill would provide approximately \$1.8 million in additional funding that would be targeted toward administrative expenses and would not require a 50 percent state match. Mr. Gilliland stated that the ARRA would have no effect on the Thrifty Food Plan. He explained that the availability of approximately \$1.8 in additional federal funding would reduce the General Fund requirement for the DWSS by approximately \$800,000 over the biennium. Mr. Gilliland stated that there would be a 13.6 percent increase in benefits effective on April 1, 2009, which would be funded 100 percent by the federal government for electronic benefits transfer (EBT).

Chair Leslie remarked that decision unit M160 recommended elimination of 12 positions in areas such as accounting, budget and statistics, information services (IS), and eligibility and payments. She asked about the effect that would have on the DWSS. Mr. Gilliland replied that the recommendation in decision unit M160 would be offset by the request in decision unit M200 for additional staff, and he believed the agency could meet all objectives despite the proposed elimination of staff. Mr. Gilliland reported that the most difficult position eliminations would be in the IS area, because the DWSS was not currently aware of future changes mandated by the federal government that might require IS support.

Mr. Gilliland referred to the aforementioned Technology Investment Request (TIR), which included the request for nine information technology professional positions. He pointed out that the DWSS planned to make those nine positions a discrete IS unit that would not be affected by the day-to-day maintenance items that might cause timeliness issues. Mr. Gilliland pointed out that the DWSS had been struggling to accommodate the systematic federal mandates.

Chair Leslie said the Subcommittee did not want to cut the budget for the DWSS to the point where it could not meet the federal requirements. She asked Mr. Gilliland to advise the Subcommittee whether the DWSS believed the issue regarding position eliminations should be reevaluated. Mr. Gilliland explained that the DWSS was aware that there was a risk of federal penalties because of the position eliminations recommended in decision unit M160. He believed that the four IS positions recommended for elimination would be the positions the DWSS would like to revisit.

Chair Leslie asked Mr. Gilliland to review his recommendations, tie the request to reconsider the IS positions into the possibility of federal penalties, and submit that information to the Subcommittee.

Assemblyman Hardy referred to the \$800,000 in General Fund savings that would occur because of the funding from the ARRA, and he asked whether the DWSS would place that amount back into its base budget for the following biennium. Mr. Gilliland stated that was correct. The \$1.8 million from the ARRA would not require state matching funds, but federal funding would require the state match over the following biennium.

Chair Leslie referenced the utilization expenses for the Department of Information Technology (DoIT). She wondered whether the DWSS had understated its DoIT costs because of the projected caseload growth in the various budget accounts. Chair Leslie asked whether the DWSS believed that sufficient funding for the utilization of DoIT services was included in The Executive Budget.

Mr. Gilliland said that he did not believe the amount was sufficient. He explained that the decrease was established for the base budget as presented, including the elimination of positions in decision units M160 within BA 3233, Field Services and BA 3328, DWSS Administration. Mr. Gilliland advised that the requested positions in the M200 decision units would more than offset the position elimination recommended in M160, but those additional positions would create a problematic situation with the DoIT assessment.

Chair Leslie stated that the Subcommittee could not simply ignore that shortfall, and Mr. Gilliland stated that the additional positions were not included in the assessment of DoIT utilization expenses. Mr. Gilliland indicated that the DWSS

would review the DoIT assessment and provide a written analysis to the Subcommittee.

Chair Leslie noted that the budget included the request for 13 positions for technology support over the biennium. The budget also recommended a reduction by converting the contractors funded through Master Services Agreements (MSAs) to state positions. She asked Mr. Gilliland to address that issue.

Mr. Gilliland stated that decision unit Enhancement (E) 250 had been designed based on past budget reductions. The DWSS was considering the transfer of critical technology from MSA contractors to the state. He pointed out that state employees would require the training necessary to develop and maintain the state-of-the-art information system. One disadvantage would be a loss of flexibility in shifting the programs as the needs of the DWSS changed. Mr. Gilliland pointed out that, historically, the needs of the DWSS had always increased; however, he did not believe that the loss of flexibility would be as critical as first believed. The DWSS also planned a six-month overlap of MSA contractors and state staff to ensure that staff was properly trained. Mr. Gilliland advised that the six-month overlap had been taken into consideration in the budget account to accomplish the \$762,960 savings recommended by the Governor in decision unit E250.

Chair Leslie asked whether the DWSS believed it could hire the necessary state information technology (IT) workers, given the current state salary schedule. She noted that IS positions were very competitive. Mr. Gilliland replied that because of today's economic environment, he believed the DWSS could fill the positions. Chair Leslie asked on what premise Mr. Gilliland based his belief. Mr. Gilliland replied that the DWSS was currently recruiting for one information technology staff member, and 12 qualified applicants had applied for that one senior IT position.

Chair Leslie stated that decision unit E225 recommended funding for the DWSS to move from leased space on North Rancho in Las Vegas to state-owned space at 620 Belrose, after the Division of Parole and Probation moved to its new facility. She asked whether there was sufficient space at the Belrose facility to accommodate the training needs of the DWSS and its clients. She also asked about the small child care facility currently housed at the North Rancho building that was quite heavily used by clients.

Mr. Gilliland indicated that decision unit E225 was included in four budget accounts within the DWSS: (1) BA 3228, Administration; (2) BA 3233, Field Services; (3) BA 3238, Child Support Enforcement Program; and (4) BA 3267, Child Assistance and Development. He stated that from the perspective of the DWSS, it would be a fiscally neutral transition. The DWSS believed that compromises would have to be made because, based on the anticipated increase in staff, the current budget did not provide sufficient funding to support the level of services currently provided by the DWSS.

Mr. Gilliland said that decision unit E225 was conceived when the DWSS was reviewing the base budget for additional significant budget reductions that might be required, at which time it made sense. Mr. Gilliland indicated that the facility at 701 North Rancho currently housed the southern Professional Development Center, which provided three important services: (1) facilities for client training; (2) facilities for staff training; and (3) the child care facility. The recommendation to relocate the office in fiscal year (FY) 2010 to

620 Belrose would compromise the training ability of the DWSS and cause the loss of the child care facility.

Mr. Gilliland said he had spoken with representatives from the Buildings and Grounds Division, and depending on how the budget was closed and whether the M200 decision units were approved, the DWSS might be able to retain its 701 North Rancho facility. The DWSS could then make a determination regarding use of some, or all, of the space at the facility located at 620 Belrose. Mr. Gilliland reported that plan was still in the early stages of discussion.

Chair Leslie noted that if the Legislature approved additional staff, the plan to relocate the North Rancho office might change. Mr. Gilliland stated that was correct. Chair Leslie asked whether there was room at the Belrose facility for the Division's equipment storage needs, or would that also be an issue. Mr. Gilliland replied that there was not room at the Belrose location for equipment storage, and that issue would need to be addressed by the DWSS.

Chair Leslie stated that decision unit E275 requested funding for the initial purchase and ongoing cost for computer software that would provide users with the ability to develop reports (Crystal Reports) that presently required development by a programmer. She noted that a portion of that funding, \$100,000, would come from the Child Support Enforcement Program.

Mr. Gilliland indicated that the reports would be available for use by all staff within the DWSS. The report was the uniform standard across the organization and would allow management reports to be derived from "data marks" or "data universes." Mr. Gilliland believed that the software would provide a more efficient way to create management reports for the entire organization, including the Child Support Enforcement Program.

Currently, said Mr. Gilliland, the capability to create the report was only available within the child care organization. He believed that the software would be beneficial to both the DWSS and the local district attorney's offices that supported the Child Support Enforcement Program. He indicated that the DWSS had been working on a collaborative effort whereby a portion of the funding would be provided by the state and a portion would be provided through incentives received by the counties.

Chair Leslie opined that once the Subcommittee reviewed the budget for Field Services, it would have a better sense of the direction in which the DWSS was moving. She believed that before the budget could be closed, Mr. Gilliland would need to provide a contingency plan regarding the vague areas of the budget, including the move from the North Rancho facility to the Belrose location.

Mr. Gilliland concurred and stated that depending on the guidance provided by the Legislature regarding the staffing requested in BA 3233, the DWSS would provide additional information and clarification to some of the Subcommittee's questions for which the answers today appeared somewhat vague.

Senator Coffin commented that Legislative Counsel Bureau (LCB) staff had raised the question of security at the Belrose facility. He pointed out that security was added to that building at the end of the 2005 Legislative Session because the Division of Parole and Probation had suffered a rash of crimes including a few assaults. Senator Coffin said he was not aware of whether the security measures remained in place, but he trusted that they had.

He suggested that LCB staff contact the Division of Parole and Probation and ascertain whether the security measures installed at the building remained functional. Senator Coffin noted that security for the Belrose facility was funded through an emergency appropriation at the end of the 2005 Legislative Session. A report received during the 2007 Legislative Session indicated that the security measures had stopped further attacks and crimes at the building.

Regarding the TIR request, Senator Coffin voiced concern about adding and relying on technology to reduce expenses during the same biennium that the technology request was funded. Senator Coffin stated his concern was based on his prior sad experience, and he wanted Mr. Gilliland to be aware that he was skeptical when it came to expecting immediate budgetary savings from a TIR.

Chair Leslie asked whether Mr. Gilliland had further comments regarding BA 3228, and Mr. Gilliland replied that he had fully covered that budget account. Chair Leslie opened discussion on BA 3230.

WELFARE – TANF – BA 101-3230
BUDGET PAGE – WELFARE-17

Chair Leslie stated that one issue of concern to the Subcommittee was the funding for the Temporary Assistance for Needy Families (TANF) budget account. Chair Leslie also asked Mr. Gilliland to address the effect of the American Recovery and Reinvestment Act of 2009 (ARRA) on TANF funding.

Mr. Gilliland referenced page 5 of [Exhibit C](#), which depicted the TANF block grant reserve. He explained that the DWSS received TANF block grant funding of approximately \$44 million per year, along with a \$27 million General Fund appropriation, which was split primarily between BA 3230, TANF, and secondarily with BA 3267, Child Assistance and Development. Mr. Gilliland stated that to receive TANF block grant funding, the DWSS was required to maintain child support for the compliant program.

Page 5 of the exhibit depicted TANF block grant reserve history. Mr. Gilliland explained that the reserve had reached a high of \$28,383,103 in fiscal year (FY) 2007; however, the DWSS projected the funding to be at zero by the end of the 2009-2011 biennium. He indicated that, as presented, the budget included significant General Fund dollars in lieu of TANF block grant funding.

Mr. Gilliland stated that page 6 of the exhibit depicted the current source and use of funds, which changed from month-to-month because of shifts in caseload projections. For example, said Mr. Gilliland, the balance for TANF reserve indicated a negative \$2.1 million in FY 2011. The reason that figure might be inconsistent was because the figures had been prepared based on the caseload in January 2009. Mr. Gilliland indicated that the figures for TANF reserve could change by as much as \$2 million from month to month.

Also depicted on page 6 of the exhibit was the category for General Fund in lieu of TANF funding. Mr. Gilliland reported that the amount for FY 2010 was \$4.4 million, and the amount for FY 2011 was \$7.5 million. He pointed out that stimulus funding opportunities were also listed on page 6, and the DWSS anticipated that the ARRA would provide \$6.1 million in FY 2010 and \$11.9 million in FY 2011. According to Mr. Gilliland, the DWSS was required to use \$1.4 million in FY 2010 and \$2.8 million in FY 2011 to address the increase in caseload. The remaining funds could be used to offset the

General Fund in lieu of TANF category by the entire amount, at which point the reserve balance would change from a negative \$2.1 million to a negative \$500,000. While the DWSS would like that number to be zero, Mr. Gilliland stated that for all practical purposes and based on the month-to-month variations, that was as close to zero as possible.

Mr. Gilliland stated that a Title XX adjustment would be made regarding the \$620,000 per year that the DWSS had provided from BA 3230. The Director's Office of the Department of Health and Human Services had indicated that those funds would not be required, and Mr. Gilliland stated that funding of approximately \$1.2 million would be added back into BA 3230.

Chair Leslie asked for clarification regarding the population modifier. Mr. Gilliland replied that the heading "Source of Funds" on page 6 of the exhibit depicted the Population Modifier. When the budget was prepared, the DWSS included \$3.7 million in each year of the 2009-2011 biennium for the Population Modifier; however, the DWSS had not received confirmation that the funding would be available. The AARA included funding for the Population Modifier through federal fiscal year 2010, and Mr. Gilliland said that the budget bill also proposed continuing the funding for the Population Modifier into federal fiscal year 2011. While there was no assurance that the funding would be available, Mr. Gilliland believed there was a high probability that the funding stream would continue.

Chair Leslie asked about caseload projections. Mr. Gilliland indicated that caseload projections began on page 1 of [Exhibit C](#). Chair Leslie asked whether the DWSS had changed the manner in which it projected caseloads. Mr. Gilliland replied that caseload projections for the 2009-2011 biennium had been calculated differently. He reported that an economist position had been added to the staff of the Director's Office, DHHS. He said that position, the statistician from the DWSS, and the economist from the Department of Administration reviewed the methodology used to project caseloads and made what they felt were appropriate adjustments. Mr. Gilliland stated that one of the significant adjustments was to change one modifier from unemployment as a percentage of total population to total employed as a percentage of total population. The economists and the statistician believed that would reflect a more realistic measure of the caseload growth.

Mr. Gilliland indicated that several other variables were reviewed and adjustments were made that the economists and the statistician believed were more realistic for future projections.

Chair Leslie asked Mr. Gilliland to provide the methodology used to project caseloads in written format to the Subcommittee. Mr. Gilliland stated he would provide that information. He explained that different methodologies were used for each particular element of the caseload, and he would provide the methodology that was used in the past for each element of the caseload along with the current methodology.

Chair Leslie believed that it would be very difficult to project caseload growth because of the state of the economy and using a different formula to project the growth made her somewhat uneasy. She assumed the DWSS was using the new methodology because it was more accurate. Mr. Gilliland stated that the DWSS believed that the new methodology was more accurate. He referenced the chart on page 1 of [Exhibit C](#), which indicated that the first three months of

actual figures tracked closely with the projections made through use of the new formula.

Chair Leslie asked for clarification regarding the transfer of funds to Clark and Washoe Counties. Mr. Gilliland referred to page 6 of the exhibit, which depicted the transfers to county programs. In FY 2009, the DWSS would transfer \$4.8 million to the counties. However, in FY 2010 and FY 2011 that amount would be reduced from \$4.8 million to \$1.2 million in each year of the biennium. Mr. Gilliland noted that would be a 75 percent reduction in the amount of funding transferred to county programs.

Chair Leslie asked representatives from Clark and Washoe Counties to come forward and inform the Subcommittee how that cut in funding would affect their programs. She asked Mr. Gilliland if the cut in funding was recommended simply to address the budget shortfall. Mr. Gilliland indicated that the DWSS had worked with the Director's Office, DHHS, to determine how to best compile the budget, and the DWSS believed that out of the available alternatives, the reduction in funding to counties had to be recognized.

Chair Leslie pointed out that the impact to Clark County would be a loss of \$2.3 million in funding, and Washoe County would lose \$1.3 million. Mr. Gilliland stated that was correct, and the residual funding would be approximately \$440,000 for Washoe County and \$756,000 for Clark County. Chair Leslie asked whether TANF funding was used to support child protective services at the county level, and Mr. Gilliland stated that was correct.

Nancy McLane, Director, Clark County Department of Social Service, indicated she could only address the TANF issue related to services provided by the Department for adults. Ms. McLane said she was aware that the impact of TANF reductions on child welfare services were significant and would result in impacts to positions that served the very fragile clients within the system.

Michael Capello, former Director and currently serving as a consultant to Washoe County Department of Social Services, stated that TANF funding transferred to Washoe County had been used for a number of years for the child protective service program. The TANF funding was used for a number of specific services and programs within the Department. Mr. Capello indicated that those services included family counseling and parenting, along with many critical services needed by families in the system to either prevent children from entering foster care or to shorten a child's stay in the foster care system.

Mr. Capello explained that TANF funding was also used to fund some positions that focused on keeping families from penetrating deeper into the system. The risk and impact of losing 75 percent of TANF funding would mean that the Department would be faced with the decision to scale back programs that were preventive or restorative for families to focus more on the core service of taking children into custody.

Mr. Capello said the caseload numbers in Washoe County had flattened over the biennium, and the Department had seen a reduction in the number of shelter bed days at the front end of the system. The Department believed that its programs were having a positive effect and were providing support to families so children could remain in the home, thereby preventing caseload growth.

According to Mr. Capello, the Department was concerned that a reduction in the Department's preventive programs would create a ripple effect throughout its programs.

Chair Leslie opined that the ultimate impact would be more children in the system, which would cost the state and counties even more dollars. Mr. Capello stated the concern was that caseloads would begin to increase as the number of children in foster care increased, which would add costs to the monthly foster care rate, use additional caseworker time, and use more court time. Mr. Capello said the Department had worked hard to build a system that worked toward preventing such a scenario.

Sabra Smith-Newby, Director of Administrative Services, Clark County, understood that the question concerned TANF funding and how that funding was being used in Clark County, along with the effect that a loss of funding would have on county services.

Chair Leslie said that Clark County was slated to lose \$2.3 million in TANF funding over the biennium. Ms. Smith-Newby explained that Clark County used TANF funding for 32 positions within child welfare services in Clark County. It was her understanding that the positions included a number of investigators but were mainly family support workers. Ms. Smith-Newby stated those were the workers who assisted the families in an effort to maintain family unity and to keep children from entering the child welfare system.

Ms. Smith-Newby indicated that she would provide additional details to the Subcommittee about how TANF funding cuts would affect caseloads. Chair Leslie advised that TANF funding included in the budget for the upcoming biennium had been reduced. She indicated that if Clark County believed the funding was important, the Subcommittee would like information about the impact that would be created by the loss of TANF funding. Ms. Smith-Newby stated that she understood and she would provide that information.

Chair Leslie opened the hearing on BA 3232 and noted that there appeared to be a significant increase in caseload in that budget account.

WELFARE – ASSISTANCE TO AGED AND BLIND – BA 101-3232
BUDGET PAGE WELFARE 21

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), explained that Assistance to Aged and Blind provided supplemental income for aged blind individuals and also for individuals in adult group-care facilities.

Mr. Gilliland stated that the DWSS anticipated an increase in caseload for the aged from the actual figure of 8,600 in fiscal year (FY) 2008 to the projected number of 9,501 in FY 2011. He said that the corresponding figures for the blind was an actual caseload of 665 in FY 2008, which would increase to 705 in FY 2011, with the actual caseload of 388 in an adult-care facility in FY 2008 increasing to 466 projected in FY 2011. Mr. Gilliland indicated that the most recent projection was that the aged caseload for FY 2011 would be 9,624, the caseload for the blind would be 711, and the adult-care facility caseload would be 475. Mr. Gilliland believed that the base budget and maintenance units within BA 3232 would provide for the increase in projected caseload over the biennium.

Chair Leslie asked whether the figures were for FY 2010 or FY 2011. Mr. Gilliland stated that the figure of 9,624 was the caseload projection for FY 2011. Chair Leslie asked whether the trend was steadily moving upward or slightly moving upward. Mr. Gilliland said the trend was slightly upward, but the DWSS was struggling with whether or not the upward trend would require additional funding in BA 3232. At the present time, the budget contained decision unit Maintenance (M) 200, and the DWSS did not want to request a change but would review the projections in the future.

Mr. Gilliland indicated that the DWSS requested a supplemental appropriation in FY 2009, which would be handled through the Interim Finance Committee (IFC) work program process to transfer funds. Chair Leslie said that meant that the DWSS would not proceed with its request for a supplemental appropriation during the current session. Mr. Gilliland stated that was the intention of the DWSS at the present time.

Chair Leslie asked about payment increases and noted that the DWSS received a Letter of Intent in 2007 that asked the Division to outline how it would implement the Supplemental Security Income (SSI) cost of living increases.

Mr. Gilliland said he would provide information to the Subcommittee regarding implementation of the SSI increases. He said he was aware of the Letter of Intent. The current benefit provided by the DWSS in each category was \$34.50 for the aged, \$105.24 for SSI, and \$282 for adult care facility. Mr. Gilliland stated that the DWSS had submitted a response to the Letter of Intent and he would provide that information to the Subcommittee. Chair Leslie said it appeared that the DWSS had followed through with the requests from 2007.

Chair Leslie asked about the reason for the increase in caseload. She wondered whether it was because there were more elderly people in Nevada. Mr. Gilliland said he did not know the reason for the increase in caseload, but he would like to determine the percentage of the population that was above age 65, so the DWSS could monitor the caseload. He did not have information that would shed any additional light on the situation.

With no further testimony to come before the Subcommittee regarding BA 3232, Chair Leslie closed the hearing. The Chair opened the hearing on BA 3233.

WELFARE – FIELD SERVICES – BA 101-3233
BUDGET PAGE WELFARE-23

Chair Leslie pointed out that the major concern of the Subcommittee in BA 3233 were the positions requested in decision units Maintenance (M) 200, M201, and M202. Chair Leslie indicated that those decision units requested 491 new positions with staggered start dates over the biennium. She stated that she was somewhat confused because the budget eliminated positions and also requested new positions. Chair Leslie said her concern was about the three-month gap in services and how that would be addressed.

Mr. Gilliland referred to pages 7 and 8 of [Exhibit C](#), which depicted the requested changes in BA 3233. He indicated that the exhibit showed the reduction of 107 positions contained in M160, the addition in M200 of 391 positions, and the reductions in decision unit Enhancement (E) 607, E608, and E609. Mr. Gilliland stated that page 7 also depicted a consolidated change to the base budget, and indicated that the DWSS would retain all facilities,

increase district office staff by 275 positions, increase customer service staff by 7 positions, and increase quality control staff by 3 positions.

Mr. Gilliland stated that page 8 of the exhibit contained a pictorial display of the anomaly referred to by Chair Leslie. He indicated that the upper line of the graph depicted the approximate caseload projections. The second line represented the staffing proposed in The Executive Budget, which included the staffing levels approved by the 2007 Legislature, along with the reductions that had occurred over the current biennium because of budget cuts.

According to Mr. Gilliland, the second line of the graph on page 8 of the exhibit also showed the cut of 106 positions in decision unit M160 during the first quarter of FY 2010, with the new positions requested in decision unit M200 not starting until October 1, 2010. Mr. Gilliland said that he was also concerned about the gap in services, as well as the current staffing level of Field Services. He stated that he had asked for the authority to fill 70 vacant positions during the current fiscal year, consistent with, and meeting, all the anticipated reversion requirements. Mr. Gilliland indicated that he had received approval to take that action, and commencing April 1, 2009, the DWSS would increase its Field Services staff in BA 3233.

Mr. Gilliland requested that the Subcommittee consider allowing the DWSS to begin filling the positions requested in decision unit M200 prior to October 1, 2010. So that the DWSS would remain consistent with the requested fiscal dollars, he anticipated filling some positions earlier, while filling the last positions toward the end of the biennium.

Chair Leslie said it appeared that Mr. Gilliland proposed to fill 66 positions in October 2010 and 21 positions in January 2011, which was the time period when the TIR should be up and running. While she appreciated the remarks made by Senator Coffin regarding the possibility that completion of the TIR would take longer than projected, if the TIR rolled out efficiently, there might be some savings by not filling the positions in January 2011.

Mr. Gilliland agreed that there was a possibility that the TIR would require more time than projected, but he also agreed that the positions related to the technology project were the ones that might present an opportunity for savings. For example, a reduction in the number of staff at the end of the biennium could equate to approximately 270 positions, some of which would be realized through attrition. Mr. Gilliland believed that staff should be increased more rapidly at the beginning of the biennium while reducing the peak at the end to remain within the same fiscal authority.

Chair Leslie said that she would like to see some savings, and she asked the DWSS to work closely with LCB staff and analyze the possible savings that could be realized with the staffing mix envisioned by Mr. Gilliland. She realized that the DWSS had to meet federal mandates, and she asked whether the staff level envisioned by Mr. Gilliland would be sufficient to meet the 45-day time frame mandated by law to complete eligibility determinations for TANF cases.

Mr. Gilliland assured the Subcommittee that the staffing level would meet all federal mandates regarding the timeliness of 45 days for TANF applications and 30 days for SNAP applications. He commented that if the DWSS wanted to create savings during the latter part of the biennium, it was important to initiate the TIR at the beginning of the biennium. Mr. Gilliland stated that the DWSS

was moving forward with the RFI and RFP process, and he would also like to move forward with the recruitment process. He had identified the staff that would be needed by July 1, 2009, and, subject to legislative approval, he would like to be in the position to make offers to applicants effective July 1, 2009.

Mr. Gilliland believed that if the DWSS was able to commence in a timely manner on what it believed would be a 12- to 18-month time frame, additional benefits would be created as significant elements of the TIR were "rolled-out," and possible savings could be realized at the back end of the project. However, he noted that the benefits and savings would depend on a crisp start at the beginning of the project.

Chair Leslie asked what Mr. Gilliland needed from the Legislature to address the program. Mr. Gilliland said that he hoped to have an understanding from the Legislature regarding his desire to move forward with the recruitment process now, as well as the RFI and RFP process, subject to final legislative approval, so that work on the project could begin on July 1, 2009.

Chair Leslie stated that the Subcommittee would work with Mr. Gilliland regarding the understanding, but the Legislature also had some limitations. She indicated that LCB staff would discuss readjustment of the budget and review of the TIR with the DWSS. Chair Leslie opined that the caseload for the DWSS was growing rapidly, and as time moved closer to budget closings, the Subcommittee would like to review a definite plan from the DWSS.

Chair Leslie referenced the mandatory time frames to process applications of 45 days for TANF, 30 days for SNAP, and 45 days for the Medicaid program. She noted that performance indicators reported that the DWSS had met the 45-day time frame 95 percent of the time during FY 2008, but the projection for FY 2010 was that the DWSS would only meet that requirement 65 percent of the time.

Mr. Gilliland stated that the first performance indicator depicted the results if the base budget was approved without approval of the Maintenance units. He noted that if the Legislature approved only the base budget, it could anticipate that the DWSS would meet the 45-day requirement 65 percent of the time.

Mr. Gilliland said that performance indicator number 2 projected the length of time it would take the DWSS to reach the 95 percent objective with approval of only the base budget, which would be 66 days in FY 2010 and 71 days in FY 2011. Performance indicator number 4 depicted the percentage of SNAP applicants processed within the mandated 30-day time frame should both the caseload and Maintenance units be approved. Mr. Gilliland pointed out that the percentage was 95 percent in both years of the upcoming biennium.

Mr. Gilliland stated that he would like to include a performance indicator that showed comparable information for TANF with approval of the Maintenance units, which would also depict a percentage of 95 percent in both years of the biennium. Mr. Gilliland emphasized that the DWSS was totally committed to quality and timeliness with the increased number of staff.

Chair Leslie noted that at the time the budget was prepared, cuts were included and the performance indicators had not been changed to reflect the addition of positions. Mr. Gilliland stated that was correct.

Chair Leslie said it appeared that there was no staffing standard for the DWSS. She asked how the DWSS calculated the number of positions that would be needed, taking into account the TIR and the new electronic application. She wondered whether any of those efficiencies had been applied to the calculation.

Mr. Gilliland reported that when the DWSS was preparing its staffing request for the 2009-2011 biennium, it first considered the prior staffing methodology, which basically used a weighted caseload. He explained that in the past, there had been a standard for each type of case. The DWSS then reviewed the actual caseloads in its offices, and as it prepared the budget for the 2009-2011 biennium, a 20 percent increase was applied to those levels of efficiency. Mr. Gilliland advised that there was a 20 percent efficiency increase built into the budget, but that was separate and distinct from the additional 20 percent increase anticipated from the TIR.

According to Mr. Gilliland, the DWSS took the average number of cases for current full-time equivalent (FTE) positions from FY 2008 and established a standard of 196 cases per filled FTE position in calculating its request for the upcoming biennium. That figure was consistent with the figure for FY 2008, when the DWSS was meeting its quality and timeliness factors, and that number recognized the enhancements that had been added to the offices over the past several years.

Chair Leslie asked Mr. Gilliland to review the request for additional positions carefully with LCB staff, so that the Legislature completely understood the process. Mr. Gilliland stated that he would review the process with LCB staff.

Chair Leslie noted that the DWSS estimated a 5 percent vacancy rate in its calculations. Mr. Gilliland stated that was correct. Chair Leslie asked about the information used by the DWSS to arrive at that estimation. Mr. Gilliland stated that in fiscal year (FY) 2007 the DWSS maintained a 5.4 percent vacancy and for FY 2008 and FY 2009, the vacancy was approximately 9 percent. One reason the vacancy rate was higher was that the DWSS had been holding several positions vacant because of budget restraints. Mr. Gilliland emphasized that the DWSS could maintain a 5 percent vacancy rate. The DWSS requested listings for selected candidates from the Department of Personnel prior to positions becoming vacant, which enabled the DWSS to quickly hire a replacement when positions actually became vacant.

Assemblywoman Buckley disclosed under Rule 23 that she was counsel of record in a lawsuit against the DWSS for not processing cases in a timely manner. She noted that the lawsuit had been dormant since the last budget crisis in early 1990, and she had filed the lawsuit prior to seeking elected office. Assemblywoman Buckley stated that if the DWSS reached a 65 percent processing timeline, obviously that suit would again become active, and sanctions would be sought against the state. Assemblywoman Buckley advised that because of her current position, she would seek alternate counsel for the case. She noted that if the state failed to meet the federally mandated timelines, she was sure that federal court action would follow.

Chair Leslie opined that the DWSS would meet the mandated timelines. Mr. Gilliland stated that he believed the DWSS would meet the timelines. To update the Subcommittee about the current status, he referred to page 8 of [Exhibit C](#), which depicted the caseload and staffing levels. The upper caseload line was much higher than the staffing level, and Mr. Gilliland stated that he

characterized that as a "service gap." He pointed out that in July 2008 the DWSS met the mandated time frame for TANF applicants in 95.7 percent of the cases. Mr. Gilliland stated that in January 2009 the DWSS met the mandated time frame in 89.7 percent of the cases, but that could drop to 86.3 percent during any month. He said the DWSS had noticed a 7 percent to 10 percent drop in timeliness of processing cases, and he believed the DWSS should move crisply to reverse that trend, which was one of the reasons he was pleased that the DWSS had been given the authority to fill the current 70 vacant positions.

Chair Leslie said that under the circumstances, the DWSS was managing well, but she did not think the Legislature should approve positions that were not needed. Mr. Gilliland agreed with that reasoning.

Chair Leslie referred to decision unit Maintenance (M) 201, which recommended ten positions to increase staff levels for the Customer Service Telephone Unit. She asked about the staffing guidelines used to determine the need for the ten additional positions.

Mr. Gilliland said the DWSS did not think that ten positions were sufficient to meet the target quality of service within that Unit. What the DWSS identified as the target quality was for Unit staff to answer and converse with 80 percent of the persons calling in. Mr. Gilliland advised that clients who called the DWSS would first be connected to the Voice Response Unit, where callers had the option of obtaining information electronically through standard answers to questions regarding accounts, or the caller could request to speak to an individual. Mr. Gilliland said that the success rate for a caller to actually speak to an individual today was in the 30 percent range, and the established DWSS target was 80 percent. Today, said Mr. Gilliland, a caller might wait up to 40 minutes on the telephone before being connected to staff when the established DWSS target was 5 minutes.

Mr. Gilliland indicated that the DWSS did not believe the ten additional staff members would allow it to meet its targets. He noted that the DWSS also recognized that adding staff was not the only solution to the problem. The DWSS was considering several other options that might be implemented which would assist with additional efficiency for its current staff. Mr. Gilliland was unsure whether the DWSS had a quality staffing standard, but he was aware that the Customer Service Telephone Unit was currently performing well below the objectives of the DWSS.

Chair Leslie asked how the TIR would fit into the mix regarding the Unit, and whether it would alleviate some of the telephone calls. Mr. Gilliland believed that the TIR would significantly reduce the number of calls to the DWSS. He explained that the TIR would allow a person to access his account through a self-service module on the Internet and determine certain facts; it would also allow that person to input changes in circumstances. For example, said Mr. Gilliland, a SNAP recipient who was curious about his benefits could access his account electronically through the module.

Mr. Gilliland referred to an occasion when representatives from the federal government were present in one of the DWSS offices on a Monday following a four-day weekend, and a great number of SNAP recipients telephoned because they were unsure why benefits had not posted to their cards. He noted that the DWSS offices were jammed with people seeking information, and one of the reasons those persons came to the office was because they were unsuccessful in reaching an individual in the Voice Response Unit. Had the TIR been in place,

those persons could have accessed the information electronically, which would have relieved the traffic in the DWSS office.

Chair Leslie asked whether the ten positions in the Customer Service Telephone Unit would affect the number of caseworkers that the DWSS anticipated hiring. Mr. Gilliland said that the number of positions for the Unit was determined separately, based on the number of cases rather than the number of caseworkers. The DWSS used the number of cases as the common thread between eligibility workers and customer service.

Chair Leslie opined that 40 minutes waiting to speak to a staff member on the telephone was way too long. Mr. Gilliland agreed, but stated that some individuals had waited even longer periods of time. Chair Leslie asked whether the requested ten positions would decrease the telephone wait-time. Mr. Gilliland said that with the new positions, the DWSS hoped to respond within ten minutes to callers asking to speak to someone. He believed that there were other things that could be done by the DWSS to increase efficiency, such as installing 20-inch monitors. Also, the TIR would provide enhanced pop-up screens that would provide information more quickly to customer service representatives. Mr. Gilliland stated that simple things would help technicians remain more focused, such as quality headsets that reduced noise. He opined that there were many options available to the DWSS that would also improve the time frame.

Chair Leslie asked about decision unit Maintenance (M) 202, which requested three administrative assistant positions for quality control in the budget for Field Services. She pointed out that the Administration budget account also requested quality control positions and she wondered about the duties of the positions.

Mr. Gilliland explained that the DWSS was considering a file-tracking system that would allow files to be maintained electronically and allow paper files to be stored in one common location. He stated that the quality control positions would assist in file storage, file retrieval, and scanning cases that would be sent to the Quality Control Unit in the central office. Mr. Gilliland said one of the advantages that had not been considered was that off-site storage and scanning of cases for quality control would not be required when the TIR was fully operational. At that point, there would be electronic images of each document along with the application for each case.

Chair Leslie believed that once the TIR was completely operational, the DWSS would not need at least one of the positions. Mr. Gilliland replied that the DWSS would not need one or more of the positions.

Chair Leslie referred to the offices slated for closure: Yerington, Winnemucca, and Hawthorne. She noted that approval of decision unit Maintenance (M) 200 would allow those offices to remain open, but there would still be a three-month gap in services.

Mr. Gilliland stated that was correct. He referred to page 7 of [Exhibit C](#) which depicted the consolidated change to the base budget. If M200 were approved, the DWSS would retain all facilities, and Mr. Gilliland said it did not make sense to close an office for three months. When decision unit M200 was created, a generic lease expenditure was included in the budget account, recognizing that the expenditure would be needed in several areas. Mr. Gilliland indicated that the DWSS would maintain the three rural offices and the Owens office in

Las Vegas. As the DWSS reviewed space that would accommodate an increase in staff, it would take into consideration the fact that the incremental space should be viewed as a short-term lease, rather than a traditional five- or ten-year lease. Mr. Gilliland believed that the DWSS should look at two- or three-year leases that it would be able to contract for as the TIR was implemented.

Chair Leslie said that was a very smart idea, and she asked whether the budget included the money to extend the leases for the three-month gap. Mr. Gilliland replied that the expenditure was included in the budget as a common pool of resources.

Chair Leslie indicated that the Interim Finance Committee (IFC) had approved a pilot program to improve work participation, and she asked what conclusions the DWSS had drawn with respect to that pilot program. Mr. Gilliland stated that the DWSS had not drawn any conclusions from that program. He indicated that the DWSS had one community partner in northern Nevada and the Flamingo Office in southern Nevada was being used for the pilot program. Comparing the pilot program in northern Nevada that was administered through a community partner to the Flamingo Office in southern Nevada showed that the Flamingo Office maintained a higher work participation rate.

Mr. Gilliland stated that he was not convinced that the DWSS had allowed the community partner adequate time to complete the learning curve, or that the DWSS fully understood that environment. Regardless of how the DWSS moved forward in determining the best practices, both the DWSS and its community partner agreed that the pilot programs should continue at least through December 2009 with the results reviewed at that point in time.

Chair Leslie asked about the ARRA two-year hold harmless to the caseload reduction credit to assist states in meeting work participation rates. Mr. Gilliland explained that the two-year hold harmless gave the DWSS the option of using the highest rate of either 2007 or 2008. For example, said Mr. Gilliland, the caseload reduction credit in 2007 was 11.4 percent and in 2008, the caseload reduction credit was 35.6 percent. He stated that the DWSS had the option of using the 35.6 percent credit for both years of the upcoming biennium.

According to Mr. Gilliland, when that rate was added to the all-family rate, the DWSS would meet the 50 percent requirement, but the 90 percent two-parent family rate would be problematic. Mr. Gilliland reported that the DWSS failed to meet that rate based on its calculations for 2007 and 2008. The DWSS had not yet received notification of sanctions from the federal government, but Mr. Gilliland believed that it was only a matter of time, and the potential penalty would be between \$100,000 and \$200,000 per year.

Mr. Gilliland hoped that the federal government would review the corrective action that was being initiated by the DWSS within the pilot program, the proposed TIR, and other actions that would address the problem and allow the DWSS a period of time for improvement; he also hoped the federal government would waive the penalties.

Mr. Gilliland referred to page 9 of [Exhibit C](#), which addressed the action being taken by the DWSS prior to approval of the budget to relieve lobby traffic and/or improve the processing of cases. The objectives of the DWSS were to reduce the wait-time to a maximum of 60 minutes and to provide clients with a consistent office environment throughout all offices. Mr. Gilliland pointed out

that the exhibit listed several immediate actions being taken by the DWSS to alleviate the office wait-time. The immediate actions would help the DWSS reach its wait-time of 60 minutes.

Chair Leslie asked Mr. Gilliland to discuss BA 3238.

WELFARE – CHILD SUPPORT ENFORCEMENT PROGRAM – BA 101-3238
BUDGET PAGE WELFARE-36

Chair Leslie stated that the major issue in BA 3238 was the assessment for upgrading the NOMADS Child Support Enforcement Program (CSEP) application.

Mr. Gilliland explained that the request was for a Technology Investment Request (TIR) to modernize the CSEP software application. The primary purpose would be to identify and evaluate the various federal and state program requirements on both the DWSS and its county partners and to identify and evaluate possible alternatives. Mr. Gilliland stated that replacing the application was one alternative, but continuing to use NOMADS with some type of overlay might be another alternative. He pointed out that a program currently in use by another state might also be an alternative. Mr. Gilliland wanted all parties to recognize that there needed to be a clear interface between all NOMADS programs, but he was not sure how that could be accomplished. He believed that the CSEP software should be user-friendly for all parties. The requested TIR would help identify the environment, both at the state and local level, and to determine the best way to provide information in the future.

Chair Leslie said the concern was about the length of the project of seven to nine years and the costs that could range from \$40 million up to \$120 million. Mr. Gilliland agreed that the costs were prohibitive. He noted that some states were addressing the problem with seven- to ten-year projects with costs of up to \$120 million. Mr. Gilliland believed that the state should focus on the NOMADS operating system and how to best utilize the systems in the background, so that those systems would be more user-friendly.

Chair Leslie asked for clarification regarding the \$1 million over the biennium to fund the TIR. Mr. Gilliland stated that the funding would provide an assessment of the current environment at both the state and county levels, an identification of the alternatives regarding how to enhance the program, if necessary, and the fundamental basis for submitting a Request for Proposal (RFP) to move forward with implementation of the recommendations.

Chair Leslie said it appeared that the funding would be used to devise a solid technology plan. Mr. Gilliland stated that was correct.

Assemblywoman Buckley asked why the DWSS did not already have a plan and why it would take another year and an additional \$1 million to arrive at a plan. She pointed out that the issue had been discussed several times in the past. Assemblywoman Buckley pointed out that Nevada was ranked 54th in the nation in terms of collection of child support, which was the true indicator of whether or not money was being put into people's pockets. Establishment of paternity and benchmarks were great, but the key indicator was the collection of support payments. Assemblywoman Buckley commented that she did not know why the state was 54th in the nation and asked for information regarding the ranking.

Mr. Gilliland asked Assemblywoman Buckley whether he could wait to answer her inquiry for a moment while he addressed [Exhibit C](#) because the answer should be embedded in the material he would present to the Subcommittee today. He noted that there was a sense of urgency to take quick action, both from the standpoint of performance and from the standpoint of what funds were available to the DWSS. Mr. Gilliland hoped the picture would become clear when he presented information regarding the ARRA funding that would be available to address the problems, as well as the ten recommendations from the MAXIMUS audit and the response from the DWSS to that audit.

Mr. Gilliland reported that the ten top recommendations from the MAXIMUS audit were depicted on page 13 of the exhibit, along with the response from the DWSS. He explained that the recommendations were color-coded based on those that had been implemented and those that had not yet been addressed. Mr. Gilliland believed that the DWSS needed to put together a strategy regarding how to move forward to address the remaining recommendations.

Assemblywoman Buckley stated that she would wait for Mr. Gilliland to continue his presentation.

Mr. Gilliland referenced page 10 of [Exhibit C](#), which depicted the data reliability report and the state's success in meeting the mandated data reliability requirements. Mr. Gilliland said that was important because meeting the data reliability requirements was the method by which Nevada became eligible for incentive funds. The DWSS had successfully been granted incentive funding of approximately \$2 million per year for the past three years.

Referring to page 11 of the exhibit, "Preliminary Performance Indicator Scores, Fiscal Year 2007," Mr. Gilliland explained that the DWSS had been in receipt of the preliminary information from the federal government for several months and had not yet received the final information. He pointed out that Nevada ranked near the bottom in every indicator. Under the column titled "Percent of paternity established," Nevada appeared to be in approximately the middle. However, Mr. Gilliland reported that the state had the option of measuring paternity based on either Social Security Act Title IV-D cases or on a statewide basis. The DWSS currently reported based on the Social Security Act Title IV-D cases and had a 79.6 percent measurement. If that measurement was ranked amongst all states, Mr. Gilliland said Nevada would be ranked third from the bottom. He reported that was the current situation.

Page 12 of [Exhibit C](#) characterized the various elements of the Child Support Enforcement Program and which jurisdictions performed which functions. Mr. Gilliland stated that the chart was broken into several characteristics:

- ü Locate Services
- ü Establishment Services
- ü Enforcement Services
- ü Medical Support Locate Services
- ü Medical Support Establishment Services
- ü Medical Support Enforcement Services

Mr. Gilliland indicated that the chart depicted three categories under each characteristic: (1) Non-Assistance; (2) Public Assistance; and (3) Former Public Assistance. He further explained that the chart listed the Churchill County District Attorney's (DA's) Office as the first provider and then depicted that Churchill County fell under the "Non-Assistance" category

(for all characteristics). Mr. Gilliland noted that Clark County and five other counties participated in all characteristics. The chart also depicted the state program area offices and indicated the characteristics in which the state offices participated. Mr. Gilliland stated that the chart had been included to give the Subcommittee a total picture of the environment.

Page 13 of the exhibit depicted the top ten recommendations from the MAXIMUS audit, and Mr. Gilliland again explained that the DWSS had provided a response to the recommendations that it felt could be addressed with modifications. Mr. Gilliland stated that the "Key" at the bottom of page 13 depicted the color coding regarding the status of the recommendations:

- Implemented - orange (number 5)
- In process and funded - red (number 6)
- In process and requires funding and consensus - blue (numbers 2, 3, 4, and 8)
- Desirable but unfunded and requires consensus - green (numbers 1, 9, and 10)
- Requires consensus prior to implementation - brown (number 7)

Mr. Gilliland explained that "consensus" meant there had to be an agreement between the state and the counties for the state-administered program that was operated by both the state and the counties. The consensus would be regarding what collaborative action would be in the best interest of the program.

Of the ten recommendations, Mr. Gilliland reported that only one had been implemented, while several others required funding. He indicated that the recommendations were the basic roadmap regarding what needed to be done, which would require a collaborative effort between the state and the counties. According to Mr. Gilliland, the recommendations would also require a funding mechanism.

Mr. Gilliland stated that page 14 of the exhibit depicted the impact of federal ARRA funds. Currently, the DWSS received incentive funding of approximately \$5 million for both the state and the counties. Mr. Gilliland reported that the exhibit contained an incorrect date for expenditure of incentive funds. The funds must be expended by September 30, 2010, rather than September 30, 2011.

Mr. Gilliland indicated that between today and September 30, 2010, the state and counties had approximately \$10 million in stimulus funds and \$5 million in incentive funds that could be spent toward implementation of the elements that would improve the Child Support Enforcement Program. He emphasized that the amount would be \$15 million: \$14 million at the county level and just under \$1 million at the state level. Mr. Gilliland believed that spending the money effectively over the next 18 months to address the recommendations listed on page 13 of [Exhibit C](#) would be far more important than the elements included in the Technology Investment Request (TIR). He stated that he would choose the recommendations as being of the highest priority.

Mr. Gilliland believed that the state could not wait, and a state/county task force should be created immediately to address the MAXIMUS audit recommendations and to devise a funding plan. Mr. Gilliland said if the Legislature convened two years from now, and the recommendations had not

been addressed, the state would have missed a significant opportunity. He emphasized that now was the time to act.

Mr. Gilliland hoped that information was sufficient to address Assemblywoman Buckley's concerns, and that the information provided some insight into his thought process regarding the Child Support Enforcement Program.

Assemblywoman Buckley asked whether Mr. Gilliland believed that the state should utilize the stimulus funding to once and for all create a computer system that would allow the state and the counties to effectively administer the child support program. She asked for clarification regarding the development and implementation of such a plan.

Mr. Gilliland believed that the state should create a task force. He noted that a computer system would be one element of the plan, along with the recommendations listed on page 13 of [Exhibit C](#), which provided the roadmap regarding the issues that needed to be addressed. Mr. Gilliland thought that the task force should be established within the upcoming two months. If the state did not have a plan in place regarding how to effectively spend the money within the next two months, the opportunity would be lost. Mr. Gilliland stated that through the ARRA funding and the incentive funds the state had an opportunity to take action that would significantly improve the Child Support Enforcement Program for the children and citizens of Nevada. As a byproduct, the improvements in the program would also improve Nevada's position in the national ranking.

Assemblywoman Buckley said that because the funding would be sent to the state, the Legislature would be anxiously awaiting a report from Mr. Gilliland. She noted that there would be a bipartisan committee following the stimulus funding, and that committee would request a copy of the plan.

Assemblywoman Buckley said her concern was that the MAXIMUS audit recommendations had been made two years previously, and Nevada was still last in the nation in the area of child support and enforcement. While she noted that some recommendations required additional funding, she pointed out that if a funding request was not submitted to the Legislature, it would be unable to act. Assemblywoman Buckley advised that a request for computer technology that simply stated the cost would be between \$40 million and \$120 million was not realistic, specific, or capable of implementation.

Assemblywoman Buckley indicated that she had been waiting two years for a report from the DWSS regarding the MAXIMUS audit recommendations. The excuse used during the 2007 Legislative Session was that the audit recommendations had just been received, and there had not been sufficient time to analyze the information. Assemblywoman Buckley noted that two years later, in 2009, the DWSS did not seem any further along, and the fact that Nevada's system was the worst in the nation was very frustrating for custodial parents and their children.

Mr. Gilliland agreed and stated that the DWSS had been in "analysis mode" far too long, and it was time to go into action mode. He stated that he intended to create the task force soon, and he asked whether the Legislature would like to assign a representative to the task force as it moved forward in addressing the recommendations. It was Mr. Gilliland's thought that the task force would be

comprised of representatives from the counties and the state and, if so desired, a legislative representative.

Assemblywoman Buckley did not think the Legislature should place a representative on the task force. It was difficult for legislators to both review and implement plans, but Assemblywoman Buckley pledged that both she and the Legislature would work very closely with the task force and the DWSS. Assemblywoman Buckley indicated that she would be available to offer assistance at any time.

Mr. Gilliland said the assistance would be appreciated and he planned to act now. When the Legislature convened in 2011, he hoped the nature of the questions regarding the Child Support Enforcement Program would be quite different from those asked today.

Chair Leslie asked Mr. Gilliland about the time frame for establishment of the task force. Mr. Gilliland stated that he expected to take action within the next 30 to 60 days, and he believed an action plan would be available shortly thereafter. If the state did not have an action plan in place within the next 90 to 120 days, it would miss the window to effectively expend the funds. Mr. Gilliland reported that he had not yet contacted the various counties, but it was his intention to move quickly in that area.

Chair Leslie indicated that the Legislature would ask Mr. Gilliland to report to the bipartisan committee that would oversee the ARRA funding. Mr. Gilliland stated that he would be happy to report to the committee.

Senator Coffin indicated that what was missing from page 11 of [Exhibit C](#) was the volume or numbers regarding establishment of paternity, support orders established, current support collected, arrearage collections, and the cost-effectiveness ratios. He stated that the table on page 11 of the exhibit showed only percentages, and he was curious about the volume and how the numbers related to other states. Senator Coffin stated that, anecdotally, Nevada was an extraordinary state because its population was transient, but he was not sure how the numbers for Nevada compared to other states in terms of total volume. He said he would like to know how significant the problem of child support was in Nevada compared to similarly sized states.

Senator Coffin found it interesting that one of Nevada's neighboring states, Arizona, also had a transient population, which would lead one to think that perhaps Nevada and Arizona shared the same migrant population, and perhaps migrants fathered children in Nevada and then deserted the family. Senator Coffin said if that was the case, why was Nevada 30 points below Arizona in the national ranking in at least one category. Senator Coffin stated that he would like written information regarding the numbers rather than percentages. He also wondered whether there were witnesses who could provide the "real story" to the Subcommittee regarding why Nevada ranked so low nationally.

Mr. Gilliland addressed Senator Coffin's question regarding percentages versus numbers depicted on page 11 of the exhibit, and stated that the DWSS had statistics pertaining to Nevada. He explained that there was a common methodology used throughout the states in calculating the numbers. Mr. Gilliland agreed that conducting a comparison with Nevada's neighboring states would provide viable information, and he indicated that the DWSS would obtain the figures from those states.

Chair Leslie invited representatives from the counties to come forward and address the Subcommittee.

Sabra Smith-Newby, Director, Clark County Department of Administrative Services, advised the Subcommittee that the Family Services Unit within the Clark County District Attorney's (DA's) Office could better address the family support aspect of the program. Ms. Smith-Newby indicated that information would be provided to the Subcommittee.

Susan Hallahan, Chief Deputy District Attorney, Washoe County DA's Office, Family Support Division, said she was proud to announce that the Division recently received the outcome of its federal audit. She noted that the Division's lowest category in federal performance was 96 percent, with the other categories at 100 percent. Ms. Hallahan said the Family Support Division was performing up to the standards expected by the federal government.

Senator Coffin asked whether there was an advocate in the audience who could provide some background regarding why Nevada ranked so low nationally in the area of child support enforcement.

Chair Leslie said that the results of the MAXIMUS audit made the areas where the state needed improvement very clear. Chair Leslie explained that the Subcommittee would accept testimony when she opened the meeting to public testimony. She noted that the outcome of the audit listed several areas of concern and the results were mostly driven by the situation in Clark County.

Chair Leslie opened the hearing on BA 3239.

WELFARE – CHILD SUPPORT FEDERAL REIMBURSEMENT – BA 101-3239
BUDGET PAGE WELFARE-44

Chair Leslie pointed out that the DWSS anticipated \$15.6 million in stimulus funding, while the National Conference of State Legislatures (NCSL) estimated the funding for Nevada at \$7.9 million, and she asked for clarification. Typically, the incentive funding was split between the counties and the state on a ratio of 75 percent to the counties and 25 percent to the state, and Chair Leslie wondered whether that was a mandated ratio.

Mr. Gilliland stated that the language of the American Recovery and Reinvestment Act of 2009 (ARRA) stipulated that incentive funding spent retroactive to the first quarter of the current federal fiscal year through September 30, 2010, regardless of when those incentive funds were awarded, were eligible for the Federal Financial Participation (FFP) match, which was \$2 of stimulus funding for every \$1 of incentive funding received. Mr. Gilliland indicated that Nevada had not drawn down the majority of the 2006 incentive funding, and the entire amount of incentive funding for 2007 was also available.

Mr. Gilliland stated that the DWSS had confirmation that it could use the 2005 incentive funds for the FFP match. He noted those funds had been drawn, but had not been expended at the county level. As those funds were expended, they would also become eligible as FFP matching funds. Mr. Gilliland explained that when the DWSS calculated the stimulus funding amount, the 2005 incentive funding was included. He indicated that the DWSS had confirmed that the methodology used to calculate the benefit was valid, and that explained the discrepancy in the amounts.

Chair Leslie asked why the incentive funds had not yet been spent. Mr. Gilliland explained that the funds were distributed based on the number of cases in each jurisdiction. The funds were designed to enhance, but not supplant activity. Mr. Gilliland further explained that the counties received funding for cases for which the funding was earned. When the DWSS reviewed the 2006 and 2007 incentive funding, it determined the caseloads by jurisdiction and whether that jurisdiction intended to continue that caseload into the future. Mr. Gilliland stated that the DWSS allocated the incentive funds based on a caseload calculation.

Regarding the current funding ratio of 75 percent for the counties and 25 percent for the state, Mr. Gilliland reported that beginning with the incentive funds for 2007, the interlocal agreement between the state and the counties contained language that stipulated that 25 percent of the incentive funds would be expended specifically for statewide technology enhancements. Mr. Gilliland stated that when incentive funding was sent to the county, the county had the latitude to determine how those funds would be expended. The counties could spend the funding on county-related items, or the counties could voluntarily work with the state and other counties to collaboratively utilize some or all the funding for statewide initiatives.

Mr. Gilliland stated that he was not in a position to answer Chair Leslie's inquiry regarding the reason that incentive funding at the county level had not yet been spent. However, he did see that as an advantage, because he hoped the DWSS could work with those counties collaboratively to enhance the program from a statewide perspective rather than a solely regional perspective.

Chair Leslie agreed, and although it seemed that the driver for the poor performance was from Clark County, she believed that area should play a major role in the area of improvement.

Mr. Gilliland stated that both Clark and Washoe Counties had demonstrated a willingness to work collaboratively with the state and were moving toward statewide initiatives. Part of the technology request in BA 3228, decision unit Enhancement (E) 275 that would fund software for development of Crystal Reports, would be funded by Clark and Washoe Counties on a collaborative basis for the benefit of the entire state. Another example, said Mr. Gilliland, was the implementation of a voice-response unit for calls in Clark County. The unit was being designed in such a way that the plan could be scaled for use by counties on a statewide basis. He indicated that element was taken into consideration when Clark County made the decision to move forward with the unit.

Mr. Gilliland reported that he saw a clear trend by the counties toward reviewing the needs of their specific jurisdictions and what was needed to enhance the statewide program. Mr. Gilliland opined that the state and counties were moving in the right direction.

Chair Leslie stated that she had never seen Nevada ranked as 54th nationally in the area of child support enforcement and commented that it was very discouraging. Mr. Gilliland agreed, and that was the reason he had identified the Child Support Enforcement Program as one of his key issues over the biennium.

Assemblywoman Buckley referred to Senator Coffin's prior comments, and she also wondered why the situation in Nevada was so bad. Mr. Gilliland said that to make the situation better, there had to be a more collaborative effort between the counties and the state. The Child Support Enforcement Program was a state-administered program that was operated by both the state and the counties. Mr. Gilliland said over the last two years, there had been a lot of activity in the program, such as Carson City exiting the program and the transfer of cases to the state from Churchill and Washoe Counties. He believed that the state spent more time trying to work on the day-to-day logistics of the program than it did on the long-term strategic elements.

Another aspect of the program was the uncertainty about the availability of a stable funding source. Mr. Gilliland believed that at some point in time, the state should review the dynamics of the state share of collections and understand how the state share of collections changed with enhancements in the child support system. Mr. Gilliland indicated that it had been demonstrated in other states that, as the performance improved, the collections increased. He emphasized that the dynamics of the state share of collections should be examined to ensure that there was a stable funding source for the program.

According to Mr. Gilliland, because of the ARRA funding, the state would have a two-year hiatus from the need to create stable funding, and during that period of time, the state and the DWSS could work toward understanding the primary funding stream.

Assemblywoman Buckley commented that sometimes motion was confused with progress. Mr. Gilliland said his personal saying was, "Don't confuse activity with accomplishment." He reiterated that the DWSS had to accomplish improvements in the program and he looked forward to Assemblywoman Buckley's support in helping the DWSS through the process. Mr. Gilliland assured the Subcommittee that he would be asking for help along the way, and he would very much appreciate Assemblywoman Buckley's insight.

With no further comments to come before the Subcommittee regarding BA 3239, Chair Leslie opened the hearing on BA 3267.

WELFARE – CHILD ASSISTANCE AND DEVELOPMENT – BA 101-3267
BUDGET PAGE WELFARE-46

Chair Leslie stated that the budget contained two major issues that the Subcommittee would like to discuss. She informed Mr. Gilliland that the first issue was the transition from contract services as discussed in decision unit Enhancement (E) 250. The second issue was the waiting list for child care funding.

Mr. Gilliland referred to page 16 of [Exhibit C](#). He explained it was difficult to picture the fiscal impact of the changes in the program proposed by the DWSS for southern Nevada. Mr. Gilliland indicated that fiscal changes were part of multiple objectives to improve program service in southern Nevada. Page 16 of the exhibit depicted four pro forma decision units that reviewed the University of Nevada, Las Vegas (UNLV) stand-alone activities:

1. Decision unit E250 addressed the expenses that would be incurred by the state in assuming program operations from the UNLV.
2. Decision unit E251 described the monies that would be saved by discontinuing program operations with UNLV as currently structured.
3. Decision unit E252 identified the items that the DWSS would like the UNLV to continue to perform through a new or modified contract, primarily in the area of quality and education.
4. Decision unit E253 was the most important item and depicted the increase in subsidy funding to \$657,815 in FY 2010 and \$1,024,606 in FY 2011.

Mr. Gilliland explained that the DWSS anticipated the amount for FY 2011 to become the steady state fiscal enhancement. The increase was based on savings that would be realized from transferring operation of the program from the UNLV to the state.

Mr. Gilliland said the question most asked was why the DWSS proposed to transfer the services currently provided by the UNLV to the DWSS. He explained that the DWSS had inherited the program when the contract was terminated with the Economic Opportunity Board (EOB) in 2006. The DWSS then contracted with the UNLV and staff was transferred at that time.

Per Mr. Gilliland, the UNLV operated the program similar to an employment agency rather than managing the program. He explained that, fundamentally, the program continued to be managed by the DWSS. The proposed transfer of the program recognized that fact and would move staff back to the DWSS. Mr. Gilliland stated that the transfer was proposed in lieu of using a community partner. The DWSS had not yet located a community partner in southern Nevada that was capable of performing all the functions required in the Child Care Assistance and Development Program.

Continuing his presentation, Mr. Gilliland stated that the DWSS was well qualified to determine eligibility, and the UNLV would continue to provide a strong quality and educational base for the proposed program. The proposal was designed to move eligibility determination back to the DWSS and allow the UNLV to retain the quality and educational elements.

Mr. Gilliland reported that another reason for the proposal was that the current child care services were provided via a single location in the Las Vegas area. The DWSS would like to provide distributive services throughout the Las Vegas area and would use its district offices to accomplish that. Mr. Gilliland said use of the district offices rather than a single location would enhance the accessibility of child care for the citizens as well as the providers.

The third element to the proposal was fiscal, and Mr. Gilliland explained that as the transfer was accomplished, the proposal would allow the DWSS to move approximately \$1 million from administrative expenses to subsidy funding on an annual basis.

Mr. Gilliland stated those were the three primary reasons why the DWSS proposed the transfer in BA 3267.

Chair Leslie said she was still unclear about how the savings would be achieved. She asked whether there would be savings because there would be fewer staff positions or whether staff would be paid less. Mr. Gilliland explained that the DWSS would not reduce pay for staff, and persons who were currently

employed in the program would transfer from the UNLV to the DWSS at their current grade and step.

Mr. Gilliland said that the DWSS hoped to accomplish the task with fewer staff because it would utilize existing middle-management staff in Field Services offices after the transition, which was scheduled for October 2009. He said the DWSS hoped to eliminate some levels of supervisory staff. Mr. Gilliland explained that another way the DWSS would accomplish savings was that for every \$1 of salary, or "category 01," expenditures the DWSS currently paid a 10 percent fee to the UNLV, which would no longer be necessary. He pointed out that the 10 percent fee was a rather substantial amount. Between the reduction of staff as a result of better utilization of supervisory staff, and the reduction of the 10 percent administrative fee, the DWSS would accomplish the savings. Mr. Gilliland reported that there would also be savings because of the move from the West Washington facility. The DWSS would move out of what was currently a very expensive leased facility into available space within its other office locations.

Chair Leslie asked whether services to child care providers or clients would be reduced under the plan to transfer child care services to the DWSS. Mr. Gilliland replied that there would be no change to the level of service. He emphasized that the DWSS was very sensitive of the services that were currently being provided. The transition period would be somewhat trying because the DWSS was in the process of moving out of the West Washington facility and planned to be completely out of that facility by the end of March. At the same time, said Mr. Gilliland, the DWSS was also bringing the new automated Nevada Child Care System (NCCS) online. Mr. Gilliland reported that those two things were occurring simultaneously: (1) the transfer of staff; and (2) the statewide implementation of the new automated system.

According to Mr. Gilliland, February 20, 2009, had been a very critical date for the DWSS because it wanted to ensure that providers were paid in a timely manner during the multiple transition periods. The DWSS believed that providers had been paid, but a "hot line" had been established in northern Nevada for statewide providers to address possible payment delays. Mr. Gilliland reported that there had been three calls from providers indicating that they had not received payment in the anticipated time frame. The DWSS reviewed each claim and did not believe the delays were caused by the relocation or the new automated system, but were unique to each particular account. Mr. Gilliland said he had been assured that 100 percent of payment processing had occurred.

Chair Leslie asked whether the NCCS was currently in place. Mr. Gilliland replied that the NCCS went live for new cases on February 1, 2009. The DWSS originally planned to convert all cases on March 1, 2009, but that had been delayed because the DWSS wanted to make some enhancements to the underlying system. Mr. Gilliland said as the DWSS was inputting new cases, it found that the system was not as timely as anticipated, and those issues were being addressed. He stated that the NCCS would go live for 100 percent of the cases on March 30, 2009.

Assemblyman Arberry referred to the move from the West Washington facility and asked whether services would still be provided during that transition. Mr. Gilliland reported that it was a time-phased move, and services would continue to be offered at the same level during the move. During the move, services would be provided at the West Washington facility until the new

locations were up and running. He emphasized that no services would be inhibited during the move.

Assemblyman Arberry asked whether the contract with UNLV would be dropped and whether services would be moved to multiple locations or one location. Mr. Gilliland explained that the DWSS currently had a contract with the UNLV to perform what amounted to an employment service. Employees were hired through the UNLV but received direction from the DWSS. The proposed transfer had been coordinated with the UNLV to occur on or about October 1, 2009. Mr. Gilliland said at that point in time, the employees would also be transferred from the UNLV to the DWSS.

Mr. Gilliland said at that time, the contract with the UNLV would be either modified or a new contract would be created that stipulated the UNLV would provide quality and educational services. Mr. Gilliland stated that would be a new process that would broaden the services provided. The relationship between the DWSS and the UNLV would change from an employment service relationship to full responsibility within the jurisdiction of the UNLV for the quality and educational elements, as stated in the contract.

Regarding the West Washington facility, Mr. Gilliland explained that prior to March 3, 2009, DWSS staff were located at that facility; however, staff was currently being distributed throughout the five district offices located in the greater Las Vegas area. Mr. Gilliland stated that persons within that area could access the local district office to receive child care support.

Assemblyman Arberry referred to the past contract with the EOB. He asked whether the DWSS would consider another contract with a community partner if another agency was interested and met the criteria for the program.

Mr. Gilliland explained that the DWSS utilized a community partner in northern Nevada, The Children's Cabinet, and found that to be an excellent relationship. If a proper community partner that met the requirements could be located in southern Nevada, Mr. Gilliland believed it would be in the best interest of all concerned to contract with such a community partner. He emphasized that the DWSS needed distributive services throughout the greater Las Vegas area, and the DWSS would need a community partner with multiple locations and one that met the various service requirements.

Chair Leslie asked about transition planning and whether the DWSS and the UNLV had discussed the various aspects of the transition. Mr. Gilliland explained that the UNLV had been aware of the transition, and he and Mr. Stagliano had personally met with representatives to discuss the situation. He believed that all parties were in alignment and understood the timing and the concept of the transition. Mr. Gilliland stated that questions had arisen regarding areas that required clarification, such as how employees would transition from the UNLV to state employment. As each question arose, Mr. Gilliland stated that the DWSS had responded as quickly as possible and remained in alignment with the UNLV.

Chair Leslie asked about the services that would be retained by the UNLV. Mr. Gilliland responded that the UNLV would retain the quality and educational elements of the program. The DWSS had not finalized the plan for the UNLV and discussions were still underway. He believed it would take several months before the services offered by the UNLV were clearly identified after the transition.

Chair Leslie said her only concern would be a disruption of services to clients. She opined that additional locations would be better for clients to access the program. She asked how the DWSS would ensure that client services were not disrupted during the transition.

Gary Stagliano, Deputy Administrator, Program and Field Operations, DWSS, explained that the DWSS was moving one unit at a time and would provide the same oversight strategies as it had for other eligibility programs. The intention of the DWSS was to make the transfer seamless for the clients and ensure that services continued. Mr. Stagliano reported that the leadership and responsibilities that existed at the West Washington facility would be retained through the transition period and would be available at the various locations.

Chair Leslie asked whether the transition would commence with one unit on July 1, 2009, and continue until the transition was completed. Mr. Stagliano believed that the current plan had staff occupying the Belrose Office, the Henderson Office, and the Nellis Office, with plans to staff the Owens Office. Chair Leslie said it appeared that the units were currently being moved, and Mr. Stagliano stated that was correct.

Chair Leslie said the transition on July 1, 2009, appeared to be that staff would cease to work for the UNLV and would be transferred to employment with the DWSS. Mr. Stagliano said the transfer of staff would be completed on October 1, 2009. Chair Leslie said since the transition involved the same employees it did not appear that training would be an issue. She asked whether any of the employees had indicated they would not make the transition. Mr. Stagliano said the transfer of staff had not become an issue as yet, and staff would simply occupy different business locations while providing the same level of service and the same activities.

Chair Leslie asked for information about the waiting lists. It appeared that there had been a decline in the number of cases on the waiting list in the discretionary category, which she found hard to understand.

Mr. Gilliland indicated that the current number of cases on the waiting list was approximately 1,800, and the DWSS projected that the number would increase over the biennium. He noted that there would be some favorable impacts from the ARRA funding. Mr. Gilliland reported that the DWSS had discontinued the 20 percent and 30 percent subsidy on February 1, 2009. He explained that subsidy was discontinued based on budget reductions put into place several months ago. Mr. Gilliland said the reason that the DWSS had waited until February 1, 2009, to discontinue the 20 percent and 30 percent subsidy was because it hoped to meet budget-reduction targets through waiting list attrition, but that had not occurred. He said from the perspective of attrition, the DWSS had not realized a reduction in cases from the discretionary list. Mr. Gilliland said rather than the waiting list representing people dropping off, the additional cases might be those that the DWSS would have normally projected. Mr. Gilliland voiced concern that the DWSS had been forced to discontinue the 20 percent and 30 percent subsidy levels.

Chair Leslie asked for clarification regarding the declining number of cases on the waiting list, and whether the decline was based on eligibility. Mr. Gilliland said that would be difficult to determine because eligibility for persons on the waiting list had not yet been established. The DWSS waited until slots became available to determine eligibility. Mr. Gilliland said there had not been many open slots so eligibility had not been determined, and it was difficult to

understand the environment regarding waiting list numbers. To truly understand the waiting list, the DWSS would have to determine eligibility for each person who had expressed an interest in the program. Mr. Gilliland did not think that action would be appropriate because it might create a false impression that time on the waiting list would be reduced.

Chair Leslie asked about the projection for the waiting list. Mr. Gilliland replied that the projected waiting list for the discretionary caseload was approximately 2,500 cases over the biennium. That was the future waiting list identified by the DWSS, and the current waiting list contained 1,800 cases.

Chair Leslie asked about the reserve in the budget account. Mr. Gilliland referenced page 15 of [Exhibit C](#), which he believed would provide insight regarding several items. He stated that revenues and expenditures for FY 2010 and FY 2011 were depicted on page 15. The exhibit identified the funding that was included in The Executive Budget and also identified the total in category 90, Reserve Federal Funding, of \$9,511,575.

Mr. Gilliland explained that as last minute adjustments to the figures were being made in The Executive Budget, adjustments to General Fund revenue were inadvertently included in category 90 that should have been placed in category 23, Discretionary Child Care. That amount was depicted under the column entitled, "Reserve Realignment."

According to Mr. Gilliland, under the column entitled, "Budget Closing," the DWSS was projecting a reserve at the end of the 2009-2011 biennium of \$5 million. He believed that amount was important because the American Recovery and Reinvestment Act of 2009 (ARRA) funding would allow the DWSS to sustain its current level of expenditures and perhaps allow a small increase. Mr. Gilliland explained that the DWSS had maintained a substantial reserve during prior years that it had been working down. His concern was that as the DWSS exited FY 2011 without the additional ARRA funding, it would need to be on a "glide path" back to the level of funding that would be provided by the underlying federal grants and General Funds for FY 2012.

Chair Leslie said her concern was maintaining a large reserve while so many people were on the waiting list for child care. Mr. Gilliland said there was another version of funding for the DWSS that depicted a \$1,500,000 reserve, which the DWSS believed to be the minimum threshold. He stated he had not presented that version because his concern was that if the reserve was too low, it would be difficult to sustain the same level of services in FY 2012. As presented, page 15 of the exhibit represented a slight drop in services, but Mr. Gilliland said if the reserve was reduced to \$1,500,000, the Legislature might need to review other funding alternatives for FY 2012.

Chair Leslie noted that services had already been reduced by elimination of the 20 percent and 30 percent subsidy levels. Mr. Gilliland agreed. Chair Leslie did not think that was appropriate action, but she realized that it was sometimes necessary to cut services. She opined that the possible lack of services in FY 2012 was not a sufficient reason not to spend down the reserve now when people needed the assistance. Mr. Gilliland said he very much appreciated that direction, and as previously indicated he had an exact duplicate of page 15 of the exhibit that contained the same numbers, but with a spend-down of the reserve to \$1,500,000. He would be more than happy to provide that information to the Subcommittee.

Chair Leslie thanked Mr. Gilliland and indicated that the Subcommittee would like to review that information and debate the issue prior to budget closing.

Senator Coffin noted that the DWSS had contracted with the UNLV approximately two years ago, and now the contract was again being changed. He asked why the DWSS was making a change so quickly after cancelling a long-standing contract with the EOB and entering into a new contract with the UNLV. Senator Coffin realized that Mr. Gilliland had not been the Administrator of the DWSS when the original change was made to the contract with the EOB, but he wondered why the DWSS was again making a change in the contract.

Mr. Gilliland replied that the expiration date of the contract with the UNLV was June 2011. The contract was put into place fully contemplating that the DWSS would make a presentation for transitioning the staff from the UNLV to the state during the 2009-2011 biennium. Mr. Gilliland said when the contract was drawn up, the DWSS was not aware of the exact timing of the transition and it wanted to allow for an orderly transition to occur during the 2009-2011 biennium. Mr. Gilliland reported that it was always intended that the UNLV would be a temporary stop-gap until the employees were either transferred to the state or a suitable community partner was found.

Senator Coffin thanked Mr. Gilliland for his reply.

Assemblywoman Buckley referred to page 15 of [Exhibit C](#) and asked whether ARRA funding was included in the revenues depicted on that page. Mr. Gilliland replied that the second column entitled "Stimulus" depicted the stimulus funding of approximately \$14 million over the biennium. He noted that there were federal earmarks of \$1,183,000 for quality expansion, \$685,000 for the infant/toddler category, and the remaining funding would flow through the various subsidy categories.

Assemblywoman Buckley asked for clarification regarding quality assurance. Mr. Gilliland explained that the DWSS had a minimum of quality assurance spending that it was required to accomplish with block grant funding. He noted that category 21, Quality Assurance, as depicted on page 15 of the exhibit, contained the figures for the upcoming biennium, which was higher than the required amount. Mr. Gilliland reported that the funding was used to ensure that providers maintained the correct level of quality and training and provided the resources necessary for quality child care.

Assemblywoman Buckley asked about the minimum figure under category 21 and whether the additional funding could be used to address the waiting list. Mr. Gilliland said the minimum quality assurance spending was approximately 3 percent of block grant funding. He did not have the exact figure but believed it was approximately \$3 million. Assemblywoman Buckley asked Mr. Gilliland to provide that information to Legislative Counsel Bureau (LCB) staff so that the Subcommittee could review the options. She stated that while the Subcommittee was all for quality assurance, the times were dire and she would rather assist families on the waiting list than expand quality assurance programs.

Mr. Gilliland asked whether Assemblywoman Buckley wanted to know the difference between the amount portrayed in [Exhibit C](#), category 21, Quality Assurance, and the minimum federally mandated amount. Assemblywoman Buckley stated that was correct. Mr. Gilliland said he would provide that information to the Subcommittee.

Assemblywoman Buckley asked whether there were other categories similar to category 21 where funding exceeded the minimum requirements for administration, training, or other non-service-related budget items that the Subcommittee could examine. Mr. Gilliland believed that category 21 was the only item where the federally mandated threshold had been exceeded. He explained that one reason driving the transfer of the program from the UNLV to the state, as was originally intended, was the savings of \$1 million per year beginning in FY 2011 that would be used for subsidy.

Chair Leslie opened the hearing to public testimony. Senator Coffin said that he was assisting persons in Las Vegas regarding the proper method for testimony and how to marshal their time. Chair Leslie pointed out that the Subcommittee had one additional budget to hear today, but she wanted to allow persons to provide testimony.

Mirabal Rodriguez, Center Director, Imagination Plus Preschool, Las Vegas, believed that more families would be faced with the difficult decision between work and child care because of the economic downturn. Unable to afford child care, most working parents might have to quit their jobs and become dependent on welfare benefits. Ms. Rodriguez pointed out that most parents worked very hard, but many made too much money to qualify for state aid or not enough money to afford full-time child care.

Ms. Rodriguez stated that thousands of families were turning to part-time care or dropping out of child care programs completely. She noted that poverty-level families were often put on "discretionary care" waiting lists by the DWSS. However, the DWSS reimbursed Boys and Girls clubs and Head Start programs for a full month of service even when a child only attended the program for one day. Ms. Rodriguez indicated there were 179 centers in Las Vegas that were significant providers, along with 107 family-care homes.

Ms. Rodriguez stated that she submitted her attendance records to the DWSS on the fifth business day of the past month, February 6, 2009, but she had not yet been paid for the January claim. She believed that was a breach of contract on the part of the DWSS because she followed the directions in Section 651 of the Child Care Policy Manual. Ms. Rodriguez stated that Section 653 of the manual stated that providing timesheets were submitted in a timely manner, payment to providers must be sent within thirty calendar days from receipt of the timesheets. She indicated that her claims had not yet been paid.

According to Ms. Rodriguez, fear was infectious and small child care businesses in southern Nevada could not afford the chaos. Her preschool had to do whatever necessary to pay its teachers, which she believed were the lowest paid child care providers. Ms. Rodriguez questioned who had control of the program and who could provide solutions. Southern Nevada needed a program that would help the entire community, the parents, the children, and the child care providers.

Ms. Rodriguez asked why the current program had been taken away from providers, and she also wondered whether it was because most of the participants were minorities. Ms. Rodriguez believed that care providers had become the "majority" and were the voices for the children and their welfare.

Chair Leslie asked Mr. Gilliland to advise Ms. Rodriguez about resolving her payment issue. Mr. Gilliland deferred the question to Mr. Stagliano who managed the Child Assistance and Development Program.

Mr. Stagliano explained that he had been in contact with Ms. Rodriguez, and the DWSS was investigating the circumstances surrounding payment. The DWSS had spoken to its program manager in southern Nevada, who had been very responsive in trying to identify the shortcomings and address any outstanding payments. Generally, said Mr. Stagliano, he had assurance that all provider payments had been made in a timely manner. The DWSS was aware of three providers that had reported a delay in payment, two of which had since received payments.

Chair Leslie asked who Ms. Rodriguez could contact about her bill. Mr. Stagliano asked that Ms. Rodriguez contact him, and he would share further contact information with her.

Ms. Rodriguez stated that the owner of Imagination Plus Preschool had contacted Mr. Stagliano. She explained that when she attended a CPR class at the West Washington location on February 11, 2009, the office was in the process of moving. Ms. Rodriguez said that the provider claims were just sitting on the desk.

Testifying next before the Subcommittee was Connie Harris, Director, Kids Turf Academy Center, which operated from two locations in Las Vegas. Ms. Harris recalled earlier comments about the possibility of a community partner with the DWSS in the Child Assistance and Development Program, and she asked how an interested party could seek information about partnering with the DWSS.

Chair Leslie asked Mr. Gilliland to respond to Ms. Harris.

Mr. Gilliland advised that in the past, the DWSS had advertised for community partners in southern Nevada through a bidding process, but that process had proven unsuccessful. At the current time, the DWSS was not aware of community partners that were interested or qualified to perform the functions of the program. Mr. Gilliland stated that if interest was expressed, he would release a request for interest from parties in southern Nevada to determine whether a community partner relationship might be possible. Mr. Gilliland explained that request would be initiated by the DWSS.

Chair Leslie believed that it would be helpful if the DWSS held a meeting with child care providers in southern Nevada. It appeared that there were many questions to which the DWSS could respond, rather than attempting to answer those questions at today's meeting. Chair Leslie asked Mr. Gilliland whether he, or a member of his staff, would be willing to travel to southern Nevada for such a meeting.

Mr. Gilliland reported that when the DWSS held its January 2009 meeting of the State Board of Welfare and Supportive Services, there was a significant turnout from the child care community. At that point, said Mr. Gilliland, the Board spent time listening and addressing the questions and concerns brought forth by persons in that community. It appeared that there was a significant level of misinformation within the child care community, and during the January 2009 meeting, Mr. Stagliano provided his telephone number as the contact person for information.

Mr. Gilliland explained that he was currently in the process of developing a child care advisory committee with specific representation for persons in southern Nevada. The DWSS anticipated development of that committee within the next three to six months. However, said Mr. Gilliland, it appeared that the DWSS

should respond to the situation more quickly, so he or his representative would travel to Las Vegas to answer questions and concerns from the child care community.

Chair Leslie believed that the situation needed an immediate response, and an advisory committee would provide ongoing interaction. She asked Ms. Harris to continue her testimony.

Ms. Harris stated that several clients of the Kids Turf Academy Center had been removed from the program during the months of December 2008 and January 2009 and had once again been placed on the waiting list. She commented that the Academy had not received any new clients to replace those that had been removed, and she asked for clarification because of the number of persons on the waiting list.

Chair Leslie asked Mr. Gilliland about processing new families through the waiting list in southern Nevada. Mr. Gilliland believed that went back to the question regarding eligibility. At the current time, families who signed up for the waiting list were not reviewed for eligibility until such time as funding became available to accommodate those persons. Mr. Gilliland said that the DWSS had discussed whether or not it would be beneficial to determine eligibility for persons on the waiting list, and from the testimony presented to the Subcommittee today, it appeared that doing so would be beneficial.

Chair Leslie asked Ms. Harris to continue her testimony.

Ms. Harris stated that she had been working in the child care community for 24 years and enjoyed working with the families. She asked whether accessibility to the "Triangles Program" would continue after the transfer.

Mr. Stagliano replied that there would be no interruption to programs or services, and the in-house "Triangles Program" would be relocated to the Rancho Drive facility.

Desirae Williams testified next before the Subcommittee. She stated that to turn in an application she lost one-half day of work, and it was difficult to gather the proper documents and keep appointments. She said when a person missed an appointment, that person was automatically "kicked off" the list. Ms. Williams wondered whether the transfer would make it more difficult to submit documentation. She observed that many people used the Owens office and it was already overcrowded.

Chair Leslie stated that was a valid concern, and she asked Mr. Stagliano to reply.

Mr. Stagliano indicated that the DWSS would be offering many lobby improvements at its offices, one of which was to fast-track clients applying for child care as those functions were introduced into the Owens office. He stated that child care clients would have separate access in the district offices.

Senator Coffin said he had not asked about the closure of the Owens office and had not heard objections from other Subcommittee members. He noted that this was not the only budget where it appeared offices were being closed in the older "Westside" area, and he was curious why that was happening.

Chair Leslie thought the Owens office would remain open, and she asked for clarification.

Mr. Gilliland replied that page 7 of [Exhibit C](#) depicted that the consolidated change to the base budget would include retaining all current facilities, including three rural offices and the Owens office in Las Vegas. Subject to approval of the staffing request included in decision unit Maintenance (M) 200, it was the intent of the DWSS to retain the Owens facility.

Chair Leslie asked Ms. Williams to continue her testimony.

Ms. Williams said that she worked in child care and had four small children, the youngest being 18 months of age. Child care workers were required to complete 15 hours of education each year, and those classes were currently offered for free at the facility on West Washington. Ms. Williams said she earned minimum wage and did not think she would be able to pay for the classes, along with transportation costs, if the classes were moved to the UNLV campus. She noted that to attend classes, she was required to leave work early and pay for child care for her children.

Chair Leslie asked Mr. Gilliland how care providers would access the necessary classes.

Mr. Gilliland indicated that the DWSS had worked out a mapping strategy by which it would continue to offer those classes at several convenient business locations throughout the community. Chair Leslie asked whether the classes would be offered at the UNLV. Mr. Gilliland stated that the classes would not be held at the UNLV.

Chair Leslie reiterated that the DWSS should hold a meeting in Las Vegas to address individual questions regarding the child care program. Mr. Gilliland stated that he would notify the Legislature regarding the time and location of the meeting.

Testifying next before the Subcommittee was Michael Mahban, who stated that he was one of the landlords at 2500 West Washington. Mr. Mahban said the DWSS had been at that location for approximately nine years and he believed that the program was beneficial to the children and mothers by providing training that was crucial to their future. Mr. Mahban stated that the location was safe and secure for staff and clients, and the free-standing building offered sufficient parking with lights.

Mr. Mahban said he was willing to do his share through substantial reductions in rent to keep the program intact. He indicated that he had not been contacted by a representative of the DWSS to try and negotiate the lease, which was compatible to other rents throughout the area. Mr. Mahban said he had been very accommodating with the program by extending the lease, and yet no notice had been given that the program would shortly be moved. Mr. Mahban said there was massive confusion regarding the relocation of the program.

Chair Leslie thanked Mr. Mahban for his testimony and asked Mr. Gilliland to address Mr. Mahban's statements.

Mr. Gilliland informed Mr. Mahban that he had provided an excellent facility for the past several years, which was very much appreciated by the DWSS. The move was consistent with the objectives of the DWSS to distribute services

throughout the Las Vegas area and to use existing space. Mr. Gilliland said that a letter had been mailed within the last two days notifying Mr. Mahban of the intention of the DWSS to vacate the premises, and he apologized for the lateness of the notification.

Chair Leslie thanked those persons who had testified for coming forward and sharing their concerns with the Subcommittee. It appeared that advanced planning and a meeting with those affected by the relocation would have alleviated many of the questions and concerns.

Chair Leslie opened the hearing for BA 4862.

WELFARE – ENERGY ASSISTANCE PROGRAM – BA 101-4862
BUDGET PAGE WELFARE-52

Chair Leslie indicated that the concern in BA 4862 was with budget reductions. Mr. Gilliland stated that page 18 of [Exhibit C](#) portrayed the Universal Energy Charges (UEC) reserve at the end of each fiscal year. The chart indicated that by the end of FY 2011, the DWSS would have completely consumed the UEC reserve. Mr. Gilliland said when the budget was prepared the reserve was calculated based on an average benefit to families in the Energy Assistance Program of \$559. The calculation also recognized that there would be approximately 4,000 applicants in FY 2010 and 10,000 applicants in FY 2011 for which the DWSS would not be able to provide services. Mr. Gilliland said that represented persons who were projected as eligible, but for which the DWSS would not have adequate funding to assist.

Mr. Gilliland indicated that the DWSS had received a one-time grant from the Low Income Home Energy Assistance Program (LIHEAP) for the current federal fiscal year, which provided approximately \$12 million in additional funding. With that grant, using the same average benefit, the DWSS believed it could fully serve the clients in FY 2010 and reduce the number not provided services to 2,500 in FY 2011.

Mr. Gilliland said, unfortunately, the DWSS had seen the average benefit steadily increase to the current amount of \$694. With that current benefit rate, the DWSS now projected that it would be able to fully serve clients in FY 2010, but there would be approximately 13,000 eligible applicants in FY 2011 that would go unserved. Mr. Gilliland said the DWSS recognized that the lack of funding would create hardships, and he would greatly appreciate insight or guidance from the Subcommittee.

Chair Leslie noted that the Subcommittee was looking for insight and guidance from Mr. Gilliland. She asked about the case processing time and whether that was also projected to increase. Mr. Gilliland explained that when the caseload processing time was determined for the agency budget, the DWSS was projecting an increase in time for caseload processing. The DWSS would increase its staff through use of temporary staffing to reduce the caseload processing time to three to four weeks by May or June of 2009. Mr. Gilliland said that the DWSS planned to sustain that time frame for case processing.

Mr. Gilliland said one concern was whether the DWSS should increase the funding that was being transferred to the weatherization program based on the 30 percent of current year receipts having been fully expended. The DWSS believed it was in compliance with grant requirements, and as the funds were spent down, that further transfer of funding would be inappropriate.

In addition, said Mr. Gilliland, the DWSS had provided 5 percent of the LIHEAP grant funds to the weatherization program. An audit recently conducted by the Department of Administration's Division of Internal Audits recommended that the DWSS provide 5 percent to 10 percent of the LIHEAP grant funds for the weatherization program.

Mr. Gilliland stated that the DWSS should revisit the transfer of LIHEAP grant funds to determine whether it was optimizing the weatherization program and the Energy Assistance Program and minimizing the number of unserved clients. Another issue that could be undertaken by the DWSS was to review the possibility of a further reduction of benefits, but Mr. Gilliland said he was reluctant to take such action until the DWSS was sure of the amount of funding that would be provided by the LIHEAP grant. He stated that the DWSS was aware that there was no funding included in the ARRA package for the Energy Assistance Program.

Chair Leslie said that was also the understanding of the Subcommittee. She asked whether the benefit had already been reduced. Mr. Gilliland stated that the benefit had been reduced, and the chart on page 18 depicted a 13 percent reduction in benefits during FY 2009. He said even with the 13 percent reduction, the average benefit being paid by the DWSS today, depending on eligibility, was higher than the rate projected for the 2009-2011 biennium.

Chair Leslie stated that information received by the Subcommittee indicated that the average Energy Assistance Program payment was projected to decrease from \$903 in FY 2008 to \$559 in FY 2010 and FY 2011, and she asked whether that was correct.

Mr. Gilliland said that the average benefit was in the \$900 range when the DWSS went through the process of receiving public input and reducing the benefit. The benefit had ultimately been reduced, and based on that reduced benefit the DWSS felt that the average would drop to \$559, which was projected in the budget for the upcoming biennium.

Chair Leslie asked why there would be unserved applicants. Mr. Gilliland said that even with the reduction in benefits to \$559, the reserve would be depleted by FY 2011, as reflected on page 18 of the exhibit. Mr. Gilliland explained that the spend-down of the reserve was what allowed the DWSS to fully serve applicants. He indicated that the number of unserved applicants was based on the combination of a dramatically reduced reserve and a dramatic increase in the number of applicants for assistance.

Mr. Gilliland believed that the Energy Assistance Program had been experiencing approximately a 9 percent year-over-year growth in the caseload. Taking into consideration the spend-down of the reserve and the increase in the caseload, the end result was unserved applicants.

Chair Leslie asked whether the UEC rate would be raised and Mr. Gilliland stated that he was not aware of a proposal to raise UEC rates. She asked for clarification of the number of people who would go unserved in the Energy Assistance Program.

Mr. Gilliland stated that the box included on page 18 of the exhibit depicted that with an average benefit of \$694 there would be no unserved clients in FY 2010, and 13,419 unserved clients in FY 2011. That was the best estimate

of the DWSS, based on current projections of the number of unserved clients in the second year of the 2009-2011 biennium.

Assemblywoman Smith said that even though there were no ARRA dollars available for the Energy Assistance Program, she was aware that there were stimulus dollars allocated to separate weatherization programs, and she asked whether that funding could be used in some way to relieve the shortfall in BA 4862. Assemblywoman Smith said the Subcommittee had been looking at ways to shift responsibilities and maximize the stimulus dollars.

Mr. Gilliland said the DWSS had recently received an audit recommendation that 5 percent to 10 percent of the LIHEAP funding be transferred to the weatherization program on an annual basis. He believed that the DWSS could review the percentage that was currently being transferred. The audit recommended a maximum of 10 percent, and the DWSS felt that a maximum of 5 percent was appropriate because of the spend-down of the reserve. Mr. Gilliland said that with an increase in stimulus funding in the weatherization program, perhaps the DWSS should consider eliminating the LIHEAP funding that was being transferred to the weatherization program.

Assemblywoman Smith believed that was one area that should be reviewed and would help the Energy Assistance Program applicants, provided the funding could be shifted. Mr. Gilliland said he would contact the Housing Division to determine that Division's thoughts about the funding, and he would provide further information to the Subcommittee.

Chair Leslie asked Mr. Gilliland to work with LCB staff regarding budget issues. She noted that the Subcommittee was out of time, and Assembly members were expected at the floor session.

Senator Coffin stated that there was no floor session for the Senate, and he wondered whether Senate members in Carson City could remain at the meeting for an additional ten minutes to hear testimony from the three remaining persons in Las Vegas.

Senator Mathews advised that the other Senators had left the meeting for appointments, and she was also on her way to an appointment. Senator Coffin advised that he would remain in Las Vegas to hear testimony for the record.

Chair Leslie asked Mr. Gilliland and his staff to remain in Carson City to answer questions that might arise from the additional testimony. She noted that several persons in Carson City had also signed in to provide testimony, but the Subcommittee was not able to hear that testimony today. She thanked Mr. Gilliland for his presentation, and turned the Chair of the Subcommittee over to Senator Coffin.

Chair Coffin asked those persons who wanted to present testimony to step forward and speak clearly.

Managla Wijekularatne, Director, Happy Days Childcare Preschool, stated that child care providers played a crucial role in the economy by providing child care, education, and training for the children of the working and low-income populations in Las Vegas. He stated that many child care centers were working at less than full capacity because of the economic downturn. Mr. Wijekularatne said that staff were being laid off or were working fewer hours. Cutting down

on child care assistance would cause more of the working population to remain at home with their children.

Mr. Wijekularatne said that would cause a drop in morale and productivity, and labor would be lost because persons would be forced to stay home and take care of their children. He believed that would create an increase in unemployment, and he hoped the state and county could work together to stop any cuts in the child care assistance programs.

According to Mr. Wijekularatne, most day care centers depended on payment from the child care assistance program, and many would go out of business if they lost that income. Mr. Wijekularatne appealed to the decision-makers not to cut funding for the Child Assistance and Development Program.

The next person to provide testimony was Debra Sherwood, Owner, A Small World Learning Center, Las Vegas, who stated that 95 percent of the parents of children at her center collected government subsidy, with 85 percent to 90 percent at the 95 percent level of subsidy. She pointed out that the center was in a very low-income area of Las Vegas.

Ms. Sherwood said one of her concerns was that many of the parents were being temporarily laid off and were taking their children out of day care. When those parents were again employed, they were placed on the waiting list for child care assistance and were not able to return their children to child care.

Ms. Sherwood implored the Subcommittee to use the reserve funding if necessary to help those persons on the waiting lists so their children could return to day care and they could return to work. She reported that many parents were leaving children as young as two years of age at home with siblings who were as young as six years of age or having elementary students watch toddlers in the afternoon so that the parents could work.

Ms. Sherwood stated those were very dangerous conditions, and there was a great deal of room in child care centers throughout Las Vegas at the current time. She reported that the capacity at her small center was down 25 percent, and she was barely able to make "ends meet." Ms. Sherwood said parents needed to be placed back on subsidy assistance so that the children could once again be placed in child care centers.

Chair Coffin asked whether the DWSS would like to respond to the concerns voiced by Ms. Sherwood.

Mr. Gilliland appreciated Ms. Sherwood's comments and agreed with use of the reserve, which was the reason he had a backup plan available that depicted the spend-down of the reserve to a significantly lower level. That information would be submitted to the Subcommittee, and he hoped the plan would be successful.

Testifying next was Philip Irish, President, Creative Beginnings, Las Vegas, who stated that he had spoken to Mr. Stagliano on March 2, 2009, regarding the fact that he had not received payment from the DWSS. Mr. Irish stated that while Mr. Stagliano was very courteous in handling his inquiry, he still does not have an answer regarding payment. He explained that 50 percent of the children enrolled at Creative Beginnings were in the Child Assistance and Development Program, and it was a problem for his business when payment was not received.

Mr. Irish said that for the past ten years, the program had always issued payment by the end of each month. He thought that perhaps the current situation was simply a "glitch" in the system, but he urged the DWSS to ensure that payments were timely during the transition.

Chair Coffin referred to Mr. Gilliland's previous comments regarding payment to providers, and it appeared that Mr. Gilliland would determine the reason that some checks had not yet been received by providers. Mr. Gilliland stated that was correct. He had commented earlier about re-creating a child care advisory committee which would aid with communications. The DWSS anticipated re-creation of that committee within the upcoming six months and, in so doing, would create a better environment for communication within the child care community.

Chair Coffin thanked Mr. Gilliland for his comments and reported that the next person to testify was a foster parent.

Marsha Johnson stated that she was testifying as a representative for foster parents in Las Vegas. Foster parents were concerned about the delays and the waiting list, which could be addressed by the reserve funding. Those delays and the waiting list made it difficult for many foster parents to care for more than one child. Ms. Johnson noted that Mr. Gilliland stated he would submit an alternative plan that accessed the reserve funding, and she believed that would bring about positive changes. She stated that many smaller businesses were suffering, along with many foster parents, teachers, and day care centers.

Chair Coffin thanked Mr. Gilliland and Mr. Stagliano for remaining to address concerns expressed by persons testifying in Las Vegas. He assumed that Mr. Gilliland's response to Ms. Johnson's concern would be the same as his response to the concern voiced by Ms. Sherwood. Mr. Gilliland stated that was correct, but he appreciated the additional testimony.

Chair Coffin advised persons in Las Vegas that there were advocates in northern Nevada who spoke on behalf of persons in southern Nevada so that their voices would not go unheard. He noted that legislators understood that the responses from Mr. Gilliland would translate into action. He said it was difficult for lay persons to understand how the process worked.

With no further business or testimony to come before the Subcommittee,
Chair Coffin declared the meeting adjourned at 11:11 a.m.

RESPECTFULLY SUBMITTED:

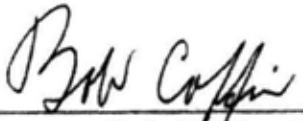
Carol Thomsen
Committee Secretary

APPROVED BY:



Assemblywoman Sheila Leslie, Chair

DATE: _____



Senator Bob Coffin, Chair

DATE: _____

EXHIBITS			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Human Services and Capital Improvements</u>			
Date: <u>March 3, 2009</u>		Time of Meeting: <u>8:05 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
***	A		Agenda
***	B		Attendance Roster
***	C	Romaine Gilliland, DWSS	Budget Presentation