

**MINUTES OF THE
JOINT SUBCOMMITTEE ON HUMAN SERVICES/CIPS
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-fifth Session
April 24, 2009**

The Joint Subcommittee on Human Services/CIPS of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Bob Coffin at 8:07 a.m. on Friday, April 24, 2009, in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

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

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Steven J. Abba, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Patricia O'Flinn, Committee Secretary

OTHERS PRESENT:

Michael J. Willden, Director, Department of Health and Human Services

CHAIR COFFIN:

The Senate convenes at 10:30 this morning; therefore, if we are unable to close any of these budgets today, we will resume hearing this budget next Thursday at 7:00 a.m.

We will open the hearing on Welfare and Supportive Services in the Department of Health and Human Services (DHHS) as outlined in the Joint Committee on Human Services and CIPS Closing List #6 ([Exhibit C](#), original on file in the Research Library).

MARK KRMPOTIC (Senior Program Analyst, Fiscal Division, Legislative Counsel Bureau):

The first budget account (B/A) is Welfare – Administration, B/A 101-3228

HUMAN SERVICES

WELFARE

Welfare - Administration – Budget Page WELFARE-1 (Volume II) Budget Account 101-3228

The first closing issue is the Technology Investment Request (TIR) which includes enhancement units E-277 and E-589. The TIR is an initiative to improve the efficiency and operation of the Division of Welfare and Supportive Services that involved the availability of applications over the Internet as well as the operation and efficiency of Welfare Field Offices.

E-589 Technology Invest: Maximize Internet & Technology – Page WELFARE-9

The General Fund appropriation to fund the TIR is included in the Information Technology projects budget account. The Joint Subcommittee on General Government and Accountability of the Senate Committee on Finance and the Assembly Committee on Ways and Means approved the General Fund appropriations and federal funds transfers from the Administration account on April 21. The Joint Subcommittee on General Government and Accountability made minor technical adjustments to the project and placed a portion of the General Funds in the Contingency Fund for allocation once the Division identifies its implementation vendor and the cost of the implementation vendor is finalized. Staff proposes technical adjustments on pages two and three of [Exhibit C](#) relating to the transfers of Supplemental Nutrition Assistance Program (SNAP) administration funds and Title XIX funds, as well as a reduction of the transfer of federal funds representing the portion of the General Fund appropriations placed in the Contingency Fund. Once the Division approaches the Interim Finance Committee (IFC) to release funding to continue the project the federal funds can be added back to reflect the appropriate levels of federal financial participation in the project.

CHAIR LESLIE:

The technical adjustments as outlined seem appropriate.

MR. KRMPOTIC:

The Budget Office has submitted a budget amendment to apply Temporary Assistance to Needy Families (TANF) funding to the General Fund portion of the TIR in the amount of \$1.3 million. Staff suggests the Subcommittee consider this issue in the TANF account.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ENHANCEMENT UNIT E-589 IN B/A 101-3228 WITH TECHNICAL ADJUSTMENTS AS OUTLINED BY STAFF ON PAGES 2 AND 3 OF THE CLOSING DOCUMENTS.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 3

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. KRMPOTIC:

The next issue in this budget account is the addition of nine positions to support the TIR in enhancement unit E-277.

E-277 Maximize Internet and Technology – Page WELFARE-9

The Subcommittee will recall that Staff raised an issue about the recommendation for nine positions stemming from the vendor. The Agency indicates the original recommendation called for 14.75 full-time equivalent (FTE) positions. Upon further evaluation of the positions, the Division indicated the supervisor position could be eliminated without seriously impacting or jeopardizing the successful implementation of the TIR. Therefore, if the Subcommittee wishes to approve new positions, Staff recommends the elimination of the supervisory position. The new positions are budgeted to begin in October 2009. The Division would like to accelerate the start dates for three positions to July 2009, two positions beginning in August 2009 and three positions beginning September 2009. Staff raised concerns about the ability of the Division to hire and fill positions at the start of the biennium. Typically, Information Technology (IT) professional positions have been difficult to fill. The Executive Branch assures Staff it will make every effort to fill the positions by that time. The reason for the acceleration is to conduct specific software training so the positions will be ready to coincide with the start of the project later this year. The increase in expenses to fund accelerated start dates totals approximately \$70,000 in increased salary expense in fiscal year (FY) 2009-2010. When taken into consideration with the elimination of one position, the overall savings would be approximately \$40,000 over the biennium.

CHAIR COFFIN:

Is there any discussion? Seeing none, I will accept a motion.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-277 IN B/A 101-3228 WITH 8 POSITIONS INSTEAD OF THE 9 RECOMMENDED BY THE GOVERNOR; AND TO ACCELERATE THE START DATES AS OUTLINED BY STAFF.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 4

MR. KRMPOTIC:

The next item involves the addition of two quality control specialists in decision unit M-200.

M-200 Demographics/Caseload Changes – Page WELFARE-4

This would allow the Division to meet caseload increases with respect to the SNAP case review requirements. The Subcommittee will recall decision unit M-160 eliminates one vacant quality control position. Thus, the addition of these two positions nets an increase of one quality control position over the biennium. This decision unit appears reasonable to Staff.

M-160 Position Reductions Approved in 07-09 – Page WELFARE-3

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-200 IN B/A 101-3228 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

* * * * *

MR. KRMPOTIC:

The *Executive Budget* recommends the addition of one hearing officer to address the impact of caseload increases on federally mandated hearings in decision unit M-201.

M-201 Demographics/Caseload Changes – Page WELFARE-5

The Division provided information from an internal audit conducted in January 2008 that found over 50 percent of the eligibility test cases exceeded the respective program time restraints. Staff notes federal regulations require a hearing to occur within 90 days of a request. This decision unit appears reasonable to Staff.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-201 IN B/A 101-3228.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 5

MR. KRMPOTIC:

Decision unit M-203 involves additional funding for Electronic Benefit Transfer (EBT) expenses associated with the SNAP and TANF programs.

M-203 Demographics/Caseload Changes – Page WELFARE-6

The Governor's recommendation includes additional funding for caseload increases. The Division requests an additional \$116,704 in FY 2009-2010 and \$273,100 in FY 2010-2011 based on revised caseload projections. The General Fund impact associated with the increases totals approximately \$55,000 in the first year of the biennium and \$128,000 in the second year of the biennium. Staff reminds the Subcommittee that the American Recovery and Reinvestment Act of 2009 (ARRA) provides for the SNAP administrative expenses to the State. The Division estimates this ARRA funding will total \$869,323 over the biennium. The Budget Office has submitted Budget Amendment No. ARRA 3228 to reflect the addition of \$651,992 in FY 2009-2010 and \$217,331 in FY 2010-2011 to reduce General Fund appropriations included in this decision unit. The addition of the ARRA funds will exceed the General Fund level included in this decision unit; therefore, Staff recommends the difference of \$162,207 be used to offset General Fund recommendations in the Base Budget.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO INCREASE THE EBT COSTS IN DECISION UNIT M-203 OF B/A 101-3228; AND REDUCE THE GENERAL FUND AS OUTLINED ON PAGE 5 OF [EXHIBIT C](#) USING THE ARRA FUNDS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KRMPOTIC:

The *Executive Budget* recommends reductions to the budget including the elimination of 12 positions in decision unit M-160.

M-160 Position Reductions Approved in 07-09 – Page WELFARE-3

The Division has requested consideration to add back four IT positions. In discussions with Staff, the Division has identified offsets that would reduce the fiscal impact of adding back these four IT positions. The first offset is the elimination of an auditor and a telecommunications coordinator in lieu of two administrative assistant positions. This change reduces the cost of restoring the four IT positions by approximately \$70,000 in each year of the biennium. In addition, the Division proposes changes to enhancement unit E-250 in which the Governor proposes the conversion of Master Services Agreements (MSA) programmers to State positions. Enhancement unit E-250 calls for an overlap period of six months to provide for the knowledge transfer from the MSAs to

the programmers. The Division recommends the overlap period be changed from six months to four months which results in cost decreases of approximately \$400,000 over the biennium. That does not quite offset the position addbacks which total approximately \$220,000 in each year of the biennium. For the Subcommittee's purpose, the Division considers the reduction of the programmer positions from nine to eight which results in a savings of \$40,000 as part of the neutralization of adding back these four positions.

E-250 Working Environment and Wage – Page WELFARE-7

CHAIR COFFIN:
Is there any discussion?

CHAIR LESLIE:
Is it possible to balance everything out using salary savings?

MR. KRMPOTIC:
The Subcommittee could increase vacancy savings each year by approximately \$20,000 to offset the remaining cost of adding back the positions which total \$40,000 each year.

CHAIR LESLIE:
Would that be a reasonable step to take?

MR. KRMPOTIC:
That would be reasonable.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-160, BUT TO ADD BACK FOUR POSITIONS AT A COST OF \$290,000 EACH YEAR OF THE BIENNIUM; TO OFFSET THIS INCREASE BY ELIMINATING AN AUDITOR AND TELECOMMUNICATIONS COORDINATOR IN LIEU OF TWO ADMINISTRATIVE ASSISTANTS; TO APPROVE DECISION UNIT E-250 TO REFLECT AN OVERLAP OF MSA CONTRACTORS WITH NEW POSITIONS FROM SIX MONTHS TO FOUR MONTHS FOR A SAVINGS OF \$400,000 OVER THE BIENNIUM; AND TO INCREASE VACANCY SAVINGS IN B/A 101-3228 BY \$20,000 EACH YEAR OF THE BIENNIUM.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY AND ASSEMBLYMAN ARBERRY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

* * * * *

MR. KRMPOTIC:
There are several other closing items for B/A 101-3228. The first item is the Governor's recommendation to increase General Fund allocations by \$15,770 in FY 2009-2010 and \$18,637 in FY 2010-2011 for printing and postage

expenses related to projected increases in public assistance cases. Decision unit E-225 recommends funding for the Division to move from leased space to the Belrose facility. Staff recommends approval of decision unit E-225 with modifications to maintain the southern Professional Development Center at its current facility.

E-225 Eliminate Duplicate Effort – Page WELFARE-7

Decision unit E-275 includes funding of \$604,254 over the biennium to fund the initial purchase and ongoing cost for computer software that will provide end users the ability to develop reports using Crystal Reports which presently require the time of a programmer to develop.

E-275 Maximize Internet and Technology – Page WELFARE-8

Decision unit E-607 recommends reductions of in-state travel of \$8,148 in each year of the biennium and decision unit E-608 recommends reductions of \$13,981 in operating expenses.

E-607 Staffing and Operating Reductions – Page WELFARE-10

E-608 Staffing and Operating Reductions – Page WELFARE-10

Decision unit E-609 recommends reductions to the Department of Information Technology (DoIT) utilization and facility costs. The Division indicated during testimony before the Subcommittee that if new positions are approved in the Field Services account, the Division will not have sufficient funding for DoIT utilization costs. Staff has determined that a balance of SNAP High Performance Bonus funding remains available which could be used to offset General Fund increases associated with the restoration of this decision unit.

E-609 Staffing and Operating Reductions – Page WELFARE-11

Staff recommends approval of decision units E-610 and E-710.

E-610 Staffing and Operating Reductions – Page WELFARE-11

E-710 Replacement Equipment – Page WELFARE-14

Finally, Staff requests authority to revise funding levels in the Administration and Field Services accounts, based on revised cost allocation information through March 2009.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE CLOSING ITEMS 1 THROUGH 8 AS RECOMMENDED BY STAFF AND OUTLINED ON PAGES 6 AND 7 IN [EXHIBIT C](#); TO FUND ITEM 6 USING SNAP HIGH PERFORMANCE BONUS FUNDS RATHER THAN GENERAL FUNDS; AND TO GRANT STAFF AUTHORITY TO REVISE FUNDING LEVELS IN THE ADMINISTRATION AND FIELD SERVICES ACCOUNTS, BASED ON REVISED COST ALLOCATION INFORMATION THROUGH MARCH 2009.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY AND ASSEMBLYMAN ARBERRY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

* * * * *

CHAIR COFFIN:

We will now move on to the Welfare – TANF budget, B/A 101-3230.

Welfare - TANF – Budget Page WELFARE-17 (Volume II)
Budget Account 101-3230

MR. KRMPOTIC:

There are several major closing issues in the TANF account as a whole which include funding, caseloads, and reduction in county transfers. Funding issues are addressed in item 1 on pages 8 through 10 of [Exhibit C](#), and include block grant funds, the ARRA grants and an unexpected decrease in the TANF reserve. The *Executive Budget* anticipates the continued receipt of annual block grant funds of approximately \$44 million each year and the supplemental grant of approximately \$3.7 million for Nevada's high population growth. Based on passage of the ARRA, the supplemental grant was extended through federal fiscal year (FFY) 2009-2010. It is uncertain whether the supplemental grant funding will be continued beyond September 30, 2010. Based on the uncertainty of the supplemental grant, Staff recommends the exclusion of \$2.8 million from the estimation of the TANF reserve at the end of the 2009-2011 biennium.

The Governor's budget assumes an unspent balance of TANF funding of \$15.1 million at the start of the 2009-2011 biennium, a decrease from previous biennia of approximately \$11 million. The increase in TANF-related expenditures recommended in the *Executive Budget* exceed the available resources each year, which will deplete the reserve of unspent TANF funds during the 2009-2011 biennium. To address the shortfall in TANF funding, the Governor recommends General Fund appropriations, beyond the maintenance of effort required to qualify for TANF block grants, of \$4.4 million in FY 2009-2010 and \$7.5 million in FY 2010-2011.

M-205 Demographics/Caseload Changes – Page WELFARE-19

However, the ARRA has established an Emergency Contingency Fund for TANF programs. It is estimated Nevada would qualify for Emergency Contingency TANF funding of \$18 million based on actual and projected caseload increases. The Budget Office has submitted Budget Amendment No. ARRA 3230 to reduce General Fund appropriations by \$4.4 million in FY 2009-2010 and \$7.5 million in FY 2010-2011.

Staff received updated information from the Division that projects a decrease in the TANF reserve at the end of FY 2008-2009 from \$15.1 million to

\$14.1 million based on projected increases in cash assistance payments and eligibility and program support costs in FY 2008-2009 and the receipt of Emergency Contingency TANF funding. Based on the revised estimate of unspent TANF funding available at the end of FY 2008-2009, funding totaling approximately \$6 million is projected at the end of the 2009-2011 biennium if the budgets of the Division are approved at the levels recommended by the Governor. This does not include \$2.8 million in TANF supplemental grant funding in FY 2010-2011, which is questionable at this time. The Budget Office has submitted Budget Amendment No. ARRA 3228, which proposes a reduction of General Funds by \$1.3 million in FY 2009-2010 to reflect the application of federal TANF funding to the TANF-eligible portion of the TIR. Budget Amendment No. ARRA 3228 further proposes the reduction of General Funds of \$259,848 in FY 2009-2010 and \$309,124 in FY 2010-2011 to new IT positions included in the Administration account to reflect the application of federal TANF funding to the TANF-eligible portion of the new positions recommended in the Administration account.

Traditionally, a reserve of 5 percent of the TANF Block Grant has been maintained at the end of the biennium to serve as a cushion in case of sudden shifts in caseload. This reserve would be \$2.2 million for this biennium. The reserve is maintained because the Division is precluded from seeking Contingency Fund allocations to address caseload increases. In considering the \$6-million TANF reserve, if \$2.2 million were set aside for reserve that would leave \$3.8 million available. Of this, \$1.9 million has been identified under the budget amendment to reduce General Funds, leaving a balance of \$1.9 million. Staff notes there are key decisions that have not yet been made with respect to the budget-wide decision units regarding salary and benefit cuts. Currently, there are TANF reductions in the administration and field services accounts that correspond with the recommendations made by the Governor in each of those decision units. If a restoration of the salary and benefits cuts were made, TANF funds would be added back in some amount to represent the changes.

The *Executive Budget* recommends overall funding of \$8.9 million in FY 2009-2010 and \$10.1 million in FY 2010-2011 in decision units M-200 and M-205 to fund cash assistance payments for projected increases in TANF recipients over the biennium. Staff has received revised projections for caseload growth for TANF and Kinship Care over the next biennium. Caseload decreases total \$2.3 million in FY 2009-2010 and \$1.1 million in FY 2010-2011. The revised projections are based on population decreases only and do not include revised employment amounts. The continuing instability in employment may increase caseload growth beyond that projected in the *Executive Budget*.

M-200 Demographics/Caseload Changes – Page WELFARE-18

M-205 Demographics/Caseload Changes – Page WELFARE-19

Enhancement unit E-600 reduces the transfer of TANF funding to Clark and Washoe Counties by \$3.6 million in each year of the biennium. These transfers assist in mitigating child welfare service deficiencies and expand capacity to respond to reports of child abuse and neglect. Clark County has indicated the reduction in funding would reduce Child Welfare Services staffing by

32 positions and impact investigation caseloads and emergency response units established with the positions.

E-600 Budget Reductions – Page WELFARE-19

The Governor's recommended budget includes the transfer of federal TANF funds to Title XX programs at approximately \$1.9 million in each year of the biennium to the budget account for the Grants Management Unit. Federal law allows the transfer of up to 10 percent of the TANF block grant to Title XX programs. The Subcommittee closed the Grants Management Unit with the receipt of Title XX transfers of \$1.5 million in each year of the biennium. Staff will make technical adjustments to reduce the transfer of TANF funding to Title XX programs by \$420,627 in each year of the biennium.

CHAIR COFFIN:

Retaining a reserve in the TANF account is important, but I am not inclined to support a large reserve. These funds are for the neediest people. The counties, which are the backstop for anything we do, have declining revenues as well. We should not cut the transfers to the counties; the *Nevada Revised Statutes* restrict the ways in which they can raise money. If we give them the responsibility to care for the neediest people, we should also give them the money to do so.

CHAIR LESLIE:

I agree we need to keep the TANF funds flowing to the counties. If we do not, we will have more children coming into State care and that will cost more money. Regarding the TANF caseloads, the chart on page 10 of [Exhibit C](#) shows a reduction in caseloads of 2,450 in FY 2009-2010. That seems counter-intuitive given what we know about the state of the economy. I would like to know how these figures were derived.

MR. KRMPOTIC:

Two primary factors were used to project TANF caseload increases: one was projected employment in the State; the other was projected population. When originally projected for the *Executive Budget*, population growth was estimated to be approximately 3 percent each year. Based on revised certified information from the State Demographer, the population growth is now estimated to be approximately 1.1 percent each year. The changes in caseload growth shown in the table do not reflect updated employment. Since the Governor's budget was prepared, the employment situation has worsened. Therefore, it is possible the projected caseloads would have gone up. Staff advises the Subcommittee to exercise caution in the level of TANF funds it may wish to redirect. It is possible the caseload projections could increase if the employment situation continues to worsen. The only tools at the disposal of the Division to address that are the TANF reserve, changes in eligibility or the cash assistance level to the TANF recipients.

SENATOR RAGGIO:

If the county transfers were increased over the Governor's recommendation, where would funding come from?

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 11

MR. KRMPOTIC:

Currently, those transfers are made from the TANF block grant.

SENATOR RAGGIO:

I know, but it is a \$3-million increase if the full funding is restored. Where does that additional \$3 million come from?

MR. KRMPOTIC:

There is insufficient TANF funding to fully restore the transfers to the counties. Therefore, the difference would be made up with a General Fund allocation.

SENATOR RAGGIO:

Adding another \$3 million out of the General Fund would be a problem.

CHAIR COFFIN:

It is a dilemma.

SENATOR RAGGIO:

There were limited purposes for which these funds were added during the 74th Legislative Session. In Clark County, it was to mitigate Child Welfare Service deficiencies; in Washoe County, it was to increase quality of visits and so forth. Some of these needs may not be as acute in the present as they were in the past. I am unable to support additional General Fund appropriations.

CHAIR COFFIN:

Members of this Subcommittee received a letter last night reminding us of the effects of the reductions of these transfers in Clark County. It would result in the loss of 32 positions and the Clark County Public Health Emergency Preparedness and Response Team which has reduced the institutional care of children. Fewer children in institutions means less expense to the State, is that not correct?

MR. KRMPOTIC:

Some benefits have been identified with the provision of child welfare funding directly to the counties. I am not an expert in the Division of Child and Family Services, but part of the benefit is the reduction in the number of children who are institutionalized, which reduces the cost overall. If the Subcommittee sets aside \$2.2 million in reserve and approves the budget amendment directing \$1.9 million to reduce General Funds, \$1.9 million would be available in unspent TANF funds in the biennium.

ASSEMBLYWOMAN BUCKLEY:

When we discussed this budget item previously, I thought we agreed to allow the counties to keep the TANF funds. They made the case they would be unable to maintain the programs created to keep children out of the system. However, I thought Mr. Michael J. Willden, Director of the Department of Health and Human Services, suggested a mechanism whereby we would not have to add money back to the essential budget. I am not prepared to support an additional General Fund hole.

CHAIR COFFIN:

It is possible not all members were present at the March 26 meeting. I do not support the reduction of TANF funds to the counties. If other members of the Subcommittee do support it, we simply differ in our opinion and we defer the final decision to the full Committee. We do not have to agree on everything today.

ASSEMBLYWOMAN BUCKLEY:

Is there a way to come up with a solution for the county transfers that does not create an additional General Fund budget hole?

MR. KRMPOTIC:

Staff is not aware of any mechanism to maintain the transfers of TANF funds each year without using General Funds. Caseload reductions are one of the factors for generating a TANF reserve at the end of the biennium. The other key factor is the potential for the ARRA funds. In previous discussions, the TANF Supplemental Grant of \$2.8 million was included in the second year of the biennium. Staff suggests this \$2.8 million not be considered in the ending TANF balance based on its uncertainty for approval at the federal level.

ASSEMBLYWOMAN BUCKLEY:

If the amount is \$3.6 million each year, that amounts to a \$7.2 million addition to the budget. I do not know if it is prudent to use any of the reserve. Are there any other solutions?

MICHAEL J. WILLDEN (Director, Department of Health and Human Services):

I am not aware of any other solutions rather than the total ARRA package. In addition to TANF, there are ARRA funds for Medicaid and other programs. However, there are other budget holes to fill with those total ARRA dollars. I would note on page 18 of [Exhibit C](#), Fiscal Staff is recommending a substantial reduction in the number of field services positions the *Executive Budget* requested. I do not know what impact those reductions will have on the reserve. These positions are cost allocated, and about 35 percent of their funding is from the TANF block grant. We have updated caseload projections with employment data and the new projections are worse. There is not a solution for \$7.2 million in this budget.

ASSEMBLYWOMAN BUCKLEY:

I would like to restore this money, but we cannot put \$7.2 million on the sheets at this particular point in time. When we finish the caseload projections some additional money may be available. We should give the Division the ability to come to the IFC in these uncertain times. I agree with Senator Raggio; we have limited time remaining and we must finish these budgets.

CHAIR COFFIN:

Our policy has been to disallow access to Contingency Funds for this budget. We can change that. The Division can change the amount of cash assistance during the interim as well.

CHAIR LESLIE:

Has the anticipated reduction to the staff in the Field Services account been figured into the reserve amount?

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 13

MR. KRMPOTIC:

The changes to the Field Services account have not been calculated in the ending TANF reserve. Fiscal Staff is recommending the elimination of 102 positions. There are other offsets for that money: filling the three-month gap between the elimination of existing positions and the start of new positions; and the acceleration of the start dates for new positions over the biennium. Staff has identified an approximate overall reduction to the Field Services budget of \$1.5 million. A portion of that represents TANF funding.

CHAIR LESLIE:

The problem with coming back to the Contingency Fund is there will not be enough funding to meet the need. That is not a good solution. I interpret Mr. Willden's remarks about the caseloads to mean they will increase again. Could the Subcommittee submit a letter of intent with a trigger to revisit this budget during the interim if the economy improves?

MR. KRMPOTIC:

The Division approached the IFC in late 2006 to increase the transfer of TANF funds to the counties at a time when the reserve was estimated to be \$10 million.

CHAIR COFFIN:

I will entertain a motion.

ASSEMBLYWOMAN BUCKLEY:

I am not prepared to move forward with a vote on this budget. I would prefer to hold it until we can review the caseloads and provide Fiscal Staff an opportunity to make any of the salary and benefit adjustments recommended to see if there is funding we could shift to fill in this hole.

CHAIR COFFIN:

I do not know how far we can delay this. We are running into trouble waiting. We could move forward with a split decision for the full Committee.

CHAIR LESLIE:

I agree this is a decision which should be made in the full Committee.

CHAIR COFFIN:

The full Committee should have a vote in hand to see there was a difference of opinion. I would rather force the issue than put it off. Do we have a motion? There is no motion.

We will move to B/A 101-3232.

Welfare - Assistance to Aged and Blind – Budget Page WELFARE-21 (Volume II)
Budget Account 101-3232

MR. KRMPOTIC:

The Governor's recommendations provided for caseload increases and increases in General Fund allocations of \$455,749 in FY 2009-2010 and \$699,038 in FY 2010-2011. Staff has received revised caseload projections from the Division which would result in an increase in General Funds of \$70,860 in

FY 2009-2010 and \$51,820 in FY 2010-2011. Although caseloads are projected to decrease, the average payment-per-case has been trending upward and remains at a consistently higher level since the beginning of FFY 2008-2009. The Governor's recommended payment levels were based on FFY 2007-2008 payments. Finally, each Session the Senate Committee on Finance and the Assembly Committee on Ways and Means have approved a Letter of Intent for the Division to report to the IFC about how it is allocating the annual federal SSI cost-of-living payment increases scheduled for January in each year of the upcoming biennium.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE B/A 101-3232 WITH STAFF'S RECOMMENDATIONS TO INCREASE THE GENERAL FUND APPROPRIATION TO MEET THE RECENT PAYMENT INCREASES; AND TO APPROVE THE CONTINUATION OF THE LETTER OF INTENT AS OUTLINED ON PAGE 13 OF [EXHIBIT C](#).

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HARDY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

CHAIR COFFIN:

We will now move to B/A 101-3233.

Welfare - Field Services – Budget Page WELFARE-23 (Volume II)
Budget Account 101-3233

MR. KRMPOTIC:

The *Executive Budget* recommends 478 new positions over the biennium in decision unit M-200 to address eligibility and employment and training duties in the field offices.

M-200 Demographics/Caseload Changes – Page WELFARE-26

The recommendation calls for phasing in the positions over the biennium to allow for recruitment and training. Fiscal Staff suggests changes in these 478 new positions based on a number of factors. The *Executive Budget* recommends the elimination of 105.5 FTE in decision unit M-160. Staff recommends the elimination of 118 of the new positions in decision unit M-200 corresponding to the restoration of these 105.5 FTE and 9 positions associated with the closure of three field offices: Yerington, enhancement unit E-607; Winnemucca, E-608; and Hawthorne, E-609.

M-160 Position Reductions Approved in 07-09 – Page WELFARE-25

E-607 Staffing and Operating Reductions – Page WELFARE-29

E-608 Staffing and Operating Reductions – Page WELFARE-29

E-609 Staffing and Operating Reductions – Page WELFARE-30

Staff suggests the elimination of 87 positions recommended to start in FY 2010-2011 based on implementation of technology improvements starting in January 2011. In addition, Staff recommends revising start dates for positions to maintain continuity in training and address caseloads as they increase at a greater rate, as well as the elimination of 15 lead and supervisory positions based on existing numbers of lead and supervisory positions available in the base budget saving approximately \$1.1 million over the biennium. Staff recommends the conversion of 245 clerical and eligibility positions to intermittent positions, which provides the Division with flexibility in reducing staff when technology improvements come online. These changes reduce new positions recommended from 478 to 258, a reduction of 220 positions. Of the 258 positions, 245 are recommended to be funded as intermittent and 13 supervisors would become permanent State positions.

The Division has proposed to Fiscal Staff the acceleration of the start date for 52 positions to October 2009 along with the reduction of the number of positions starting in January, April and June 2010. The fiscal impact of accelerating the start dates of 52 positions results in an increase to the budget of approximately \$1.1 million, approximately \$375,000 of which would be a General Fund impact. The Division has indicated that the 66 positions scheduled to begin training in October 2010, and the 21 positions in January 2011, would coincide with the implementation of enhancements under the TIR. Based on the productivity improvements expected beginning January 2011, the Division would not need these 87 positions. The elimination of 87 positions in FY 2010-2011 would result in the reduction to the budget of approximately \$3.1 million, which is estimated to include \$1.1 million in General Funds.

CHAIR COFFIN:

Are there any questions from the Subcommittee?

CHAIR LESLIE:

What exactly is an intermittent position?

MR. KRMPOTIC:

The intermittent position recommendation includes a mechanism currently used at the Employment Security Division (ESD) to address fluctuations in workload associated with processing unemployment applications. According to the Administrator for the ESD, intermittent employees would retain all the rights of State employees including all benefits except the number of hours can be varied within any given period and the intermittent position can be reduced based on workload without recourse. These positions are not permanent positions added to the budget. A dollar amount is included in the payroll category and the Agency is able to hire positions up to that amount in the budget.

CHAIR COFFIN:

The Senate Subcommittee lacks a quorum. We will continue with the major closing issues for this budget.

MR. KRMPOTIC:

The Governor, in decision unit M-201, recommends ten positions over the biennium to increase staffing for the Customer Service Telephone Unit at a total cost of \$241,428 in FY 2009-2010 and \$401,053 in FY 2010-2011.

M-201 Demographics/Caseload Changes – Page WELFARE-26

Three administrative assistant positions are recommended in decision unit M-202 to meet federally mandated quality control requirements on projected public assistance caseload increases at a total cost of \$101,842 in FY 2009-2010 and \$114,892 in FY 2010-2011. These positions would be responsible for copying or scanning information from case files to transmit to quality control staff in the central office. The Division indicated these positions would probably be eliminated once the TIR is implemented. Therefore, the Subcommittee may wish to approve funding in this decision unit for intermittent positions rather than permanent State positions to provide flexibility.

M-202 Demographics/Caseload Changes – Page WELFARE-27

The Governor recommends the closure of the Owens field office in Las Vegas in decision unit E-610, resulting in funding reductions of approximately \$600,000 in each year of the biennium.

E-610 Staffing and Operating Reductions – Page WELFARE-31

However, funding for nonState-owned building rent is included in the M-200 decision unit to provide for approximately 60,000 square feet of space, which is double the space leased for other large field offices in the Las Vegas Valley. With the reductions in positions identified in decision unit M-200, it is unlikely the Division would require space of this size to accommodate new positions.

Fiscal Staff has reviewed the option of keeping the Owens office open during the biennium, while at the same time eliminating funding for rent and related expenses in decision unit M-200 totaling \$740,344 in FY 2009-2010 and \$1.4 million in FY 2010-2011. In conjunction with maintaining the Owens office, Staff has also reviewed the cost of maintaining nonState-owned space that houses the southern Professional Development Center (PDC) in Las Vegas. The cost of the southern PDC is allocated to the Administration, Field Services and Child Care Assistance accounts. To provide sufficient space to house new positions recommended in decision unit M-200 and to continue the PDC at its present location, approximately \$1 million in additional cost would be required over the biennium, allocated to each of the three budget accounts identified above. The table on page 19 of [Exhibit C](#) illustrates the impact of restoring the Owens office closure, eliminating funding included in decision unit M-200, maintaining the southern PDC and continuing with space at the Desert Inn facility in FY 2010-2011 from a total funding standpoint.

CHAIR COFFIN:

We now have a quorum on the Senate side. We will return to the explanation of decision unit M-200 on page 18 of [Exhibit C](#).

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO MAINTAIN THE 114.5 POSITIONS RECOMMENDED FOR REDUCTION IN DECISION UNITS M-160, E-607, E-608 AND E-609 AND TO ELIMINATE 118 POSITIONS IN DECISION UNIT M-200, FOR AN OVERALL FUNDING INCREASE OF APPROXIMATELY \$1.6 MILLION OVER THE BIENNIUM; TO MODIFY THE START DATES FOR NEW POSITIONS BUDGETED IN FY 2009-2010 RESULTING IN AN OVERALL INCREASE TO THE BUDGET OF APPROXIMATELY \$1.1 MILLION; TO ELIMINATE 87 POSITIONS RECOMMENDED TO BEGIN IN FY 2010-2011, RESULTING IN A REDUCTION OF APPROXIMATELY \$3.1 MILLION IN OVERALL FUNDING; TO ELIMINATE 15 LEAD AND SUPERVISORY POSITIONS BASED ON THE NUMBER OF THESE POSITIONS INCLUDED IN THE BASE BUDGET, RESULTING IN A REDUCTION OF APPROXIMATELY \$1.1 MILLION OVER THE BIENNIUM; AND TO APPROVE THE ADDITION OF 245 ADMINISTRATIVE ASSISTANT AND ELIGIBILITY POSITIONS AS INTERMITTENT POSITIONS TO ALLOW THE DIVISION THE FLEXIBILITY TO REDUCE ITS WORK FORCE TO COINCIDE WITH IMPLEMENTATION OF THE TIR AND POTENTIAL REDUCTIONS TO CASELOAD IN B/A 101-3233.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

* * * * *

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-201 IN B/A 101-3233 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

* * * * *

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-202 IN B/A 101-3233 WITH FUNDING FOR INTERMITTENT POSITIONS RATHER THAN PERMANENT STATE POSITIONS TO PROVIDE THE FLEXIBILITY FOR THE DIVISION TO REDUCE ITS WORKFORCE ONCE BENEFITS FROM IMPLEMENTATION OF THE TIR ARE REALIZED.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO RESTORE FUNDING FOR THE OWENS OFFICE AND FUNDING FOR THE SOUTHERN PDC IN FY 2010-2011, WHICH WOULD REQUIRE ADJUSTMENTS TO THE ADMINISTRATION, FIELD SERVICES AND CHILD CARE ACCOUNTS; TO MAINTAIN THE DESERT INN LOCATION IN FY 2009-2010 TOTALING \$287,345 WHICH REQUIRES ADJUSTMENTS TO THE FIELD SERVICES AND CHILD SUPPORT ENFORCEMENT ACCOUNTS; AND TO ELIMINATE FUNDING IN DECISION UNIT M-200 TOTALING \$740,344 IN FY 2009-2010 AND \$1,385,688 IN FY 2009-2010 IN THE FIELD SERVICES ACCOUNT, B/A 101-3233.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

SENATOR RAGGIO:

What is the new building to be eliminated listed in the table on page 19 of [Exhibit C](#)?

MR. KRMPOTIC:

The elimination of the new building in decision unit M-200 is facility space that was included for new positions recommended by the Governor. Staff proposed the elimination of building rent in decision unit M-200 due to the reduction in the number of positions approved and the Division's ability to accommodate the new positions in existing office space if the Owens office and the Desert Inn location are restored.

SENATOR RAGGIO:

Is there a new building that is being eliminated?

MR. KRMPOTIC:

It is leased office space.

SENATOR RAGGIO:

The elimination of the new building is deferring the leasing of new office space over the biennium.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-225 AND E-710 IN B/A 101-3233.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.)

* * * * *

CHAIR COFFIN:

We will now move to B/A 101-3267.

Welfare - Child Assistance and Development – Budget Page WELFARE-46
(Volume II)
Budget Account 101-3267

MR. KRMPOTIC:

There are two major closing issues in this budget account. The first relates to the transition from contract services in decision unit E-250.

E-250 Working Environment and Wage – Page WELFARE-48

The *Executive Budget* recommends increases in federal child-care funding of \$241,633 in FY 2009-2010 and \$227,917 in FY 2010-2011 to transfer child-care services provided by the University of Nevada at Las Vegas (UNLV) to the Division. This recommendation includes the addition of 75 positions beginning October 2009 to enable the Division to provide eligibility services directly. Increased funding in this decision unit reflects the net difference between the cost of adding 75 State positions and corresponding reductions in contract expenses with the UNLV. At the Work Session on March 30, 2009, the Subcommittee expressed its intent to continue with the UNLV contract until a community-based provider is identified to provide comprehensive child-care services similar to the range of services provided in northern Nevada by the Children's Cabinet. Staff has identified further changes in the budget that would be required to continue with the UNLV contract. These changes include: the addition of \$110,992 in federal child-care funding each year to reflect additional quality assurance services provided by the UNLV; and additional federal child-care funding of \$256,832 in FY 2009-2010 and \$259,101 in FY 2010-2011 for continued rent and security expenses at the West Washington facility. Fiscal Staff does not recommend increases to reflect full staffing under the UNLV contract totaling approximately \$350,000 each year, given the intent of the Division to incorporate efficiencies into the UNLV contract and to maximize the use of limited federal child-care funds for subsidy payments to needy families.

SENATOR RAGGIO:

If the contract with the UNLV is continued, what reduction in funding would be suitable based on the potential efficiencies incorporated in the utilization?

MR. KRMPOTIC:

Overall, there would be a net increase in federal child-care funding of approximately \$268,000 over the biennium. The \$350,000 identified to be added back to the UNLV contract is to bring the staffing level up to the full contracted level of 95 positions. The existing budget does not reflect that

amount because the UNLV only filled 88 positions. The efficiency reflected here is to not add back the \$350,000 each year to bring the UNLV contract up to full funding.

SENATOR RAGGIO:

What is the appropriate amount that should be authorized to bring the contract back to the UNLV?

MR. KRMPOTIC:

The actions Staff suggests would be not to approve decision unit E-250 which would result in funding decreases of approximately \$242,000 in FY 2009-2010 and \$228,000 in FY 2010-2011. Staff suggests the addition of \$111,000 in federal funding each year representing the additional quality assurance services, as well as the addition of approximately \$250,000 each year of the biennium representing the rent and security expenses at the West Washington facility. If the Subcommittee were to reflect full funding of the contract for the UNLV, it would add another \$350,000 each year in addition to these funds. Staff is suggesting these funds not be added. The result would be an overall funding increase of about \$268,000 over the biennium.

CHAIR COFFIN:

That addition to the budget is in federal funds.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE NOT TO APPROVE DECISION UNIT E-250 IN B/A 101-3267; TO APPROVE THE NET INCREASE IN FEDERAL FUNDS OF \$268,367 OVER THE BIENNIUM TO MAINTAIN THE WEST WASHINGTON FACILITY; AND TO HAVE THE DIVISION REPORT BACK TO THE IFC REGARDING ITS EFFORTS IN IDENTIFYING AND CONTRACTING WITH A COMMUNITY PARTNER TO PROVIDE COMPREHENSIVE CHILD-CARE SERVICES IN SOUTHERN NEVADA OVER THE NEXT BIENNIUM.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. KRMPOTIC:

The second major closing issue in this budget is related to child-care funding and waiting lists. The Governor's recommended funding levels result in a projected waiting list of 2,400 children over the 2009-2011 biennium for the Division's discretionary caseload. The *Executive Budget* projects a reserve of federal funding authority to be maintained over the biennium of approximately \$9.4 million, a portion of which could be used to address the projected waiting list. Additionally, Nevada will receive \$14.3 million from the ARRA that can be applied to provide child-care services for projected unserved families waiting for services.

Staff has received revised projections which anticipate significant increases in New Employees of Nevada (NEON) and At-Risk cases as detailed in the table on page 30 of [Exhibit C](#). Based on increases in NEON and At-Risk cases, increases of child-care subsidy funding of approximately \$9.3 million in FY 2009-2010 and \$7.8 million in FY 2010-2011 are necessary to provide child-care services to these categories of caseload. Additionally, the Division proposes to cap its discretionary caseload at 2,500, decreasing funding of \$1.9 million in each year of the biennium. The cap of 2,500 discretionary caseloads each year results in approximately 2,000 unserved cases. The net increase in funding required to fund child-care services over the next biennium, at projected levels for NEON, At-Risk and the capped level of 2,500 discretionary cases, totals \$7.3 million in FY 2009-2010 and \$5.9 million in FY 2010-2011.

Staff has received updated information from the Division indicating the projected reserve at the beginning of the 2009-2011 biennium is approximately \$3.9 million. The Division proposed to apply approximately \$1.2 million of its remaining reserve to address caseloads over the biennium, which results in an ending reserve of approximately \$2.6 million. Staff estimates the ending reserve balance would be just over \$2 million when the adjustments in decision unit E-250 are taken into account.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEMS 1 THROUGH 4 REGARDING CHILD-CARE FUNDING ON PAGE 31 OF [EXHIBIT C](#) WHICH INCLUDE: THE RECEIPT OF FEDERAL ARRA FUNDING TOTALING APPROXIMATELY \$14.3 MILLION TO BE ADDED TO THE BUDGET TO ADDRESS NEON AND AT-RISK CASELOADS PROJECTED IN EACH YEAR OF THE BIENNIUM; TO APPLY FUNDING FROM THE RESERVE OF APPROXIMATELY \$1.2 MILLION TO ADDRESS SUBSIDY PAYMENTS; TO REDIRECT APPROXIMATELY \$1.9 MILLION FROM QUALITY ASSURANCE OVER THE BIENNIUM TO ADDRESS INCREASED SUBSIDY PAYMENTS FOR NEON AND AT-RISK CASES OVER THE BIENNIUM; AND TO APPROVE A CAP OF 2,500 CHILD-CARE DISCRETIONARY CASES OVER THE BIENNIUM.

MR. WILLDEN:

I am uncomfortable with a hard cap placed on caseloads. I would prefer to have the ability to adjust which categories of cases are served according to what the needs are. If the NEON or At-Risk caseloads decrease, and a numerical cap exists on the discretionary caseloads, the reserve will grow at the expense of unmet child-care needs.

CHAIR LESLIE:

We need to give the Division the ability to manage the money. Would a letter of intent be helpful?

MR. KRMPOTIC:

The Subcommittee may want to have the Division report back to the IFC on its child-care caseloads and funding. A letter of intent might accomplish that purpose. The reserve level is an estimated minimum reserve providing the Division the ability to gradually decrease its subsidy payment levels once the

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 22

federal ARRA funds are expended. I agree with Mr. Willden's comments; the Division should have the opportunity to redirect its funding if it is available.

CHAIR COFFIN:

If we do not say anything about a cap in the motion we do not need a letter of intent. The Division will be able to report to the IFC if they want to shift the way funds are used.

MR. KRMPOTIC:

That is correct. If the Division found At-Risk cases were decreasing and discretionary cases were increasing it would come to the IFC to transfer between categories.

CHAIR LESLIE:

I will revise my motion to eliminate the hard cap and to include the direction to the Division to report to the IFC if a significant change in caseload distribution occurs in the interim.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEMS 1 THROUGH 4 REGARDING CHILD-CARE FUNDING ON PAGE 31 OF [EXHIBIT C](#) WHICH INCLUDE: THE RECEIPT OF FEDERAL ARRA FUNDING TOTALING APPROXIMATELY \$14.3 MILLION TO BE ADDED TO THE BUDGET TO ADDRESS NEON AND AT-RISK CASELOADS PROJECTED IN EACH YEAR OF THE BIENNIUM; TO APPLY FUNDING FROM THE RESERVE OF APPROXIMATELY \$1.2 MILLION TO ADDRESS SUBSIDY PAYMENTS; TO REDIRECT APPROXIMATELY \$1.9 MILLION FROM QUALITY ASSURANCE OVER THE BIENNIUM TO ADDRESS INCREASED SUBSIDY PAYMENTS FOR NEON AND AT-RISK CASES OVER THE BIENNIUM; TO DIRECT THE DIVISION TO ADDRESS NEON AND AT-RISK CASES COMPLETELY BEFORE FUNDING DISCRETIONARY CASES; AND IF THE CASELOAD NEEDS CHANGE THE DIVISION WILL REPORT TO THE IFC AND REQUEST TRANSFER OF FUNDS BETWEEN CATEGORIES.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. KRMPOTIC:

There are two other closing items for B/A 101-3267: the first is decision unit E-225, which recommends additional funding to reflect the occupation of space at the Belrose facility in Las Vegas; the second is decision unit E-710, to replace computer hardware and software. Both of these items appear reasonable to Staff.

E-225 Eliminate Duplicate Effort – Page WELFARE-48

E-710 Replacement Equipment – Page WELFARE-50

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 23

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-225 AND E-710 IN B/A 101-3267 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR COFFIN:
We will now hear B/A 101-3238.

Welfare - Child Support Enforcement Program – Budget Page WELFARE-36
(Volume II)
Budget Account 101-3238

MR. KRMPOTIC:

The Governor recommends a combination of increased federal funding and reductions to reserves of approximately \$1 million over the biennium to fund a TIR for an assessment for upgrading the Nevada Operations Multi-Automated Data Systems (NOMADS) child support enforcement application in decision unit E-586.

E-586 Technology Invest: Maximize Internet & Technology – Page WELFARE-39

The primary purpose of the project is to identify program requirements, consider potential alternative solutions and estimate costs for modernizing the Child Support Enforcement Program (CSEP) software application. The project is estimated to last 24 months and is intended to reduce the risk and cost associated with modernization by identifying the best overall approach for updating the application up front. The Division estimates the entire project's seven-to-nine year cost may range from a minimum of \$40 million to as much as \$120 million. Given the potential cost of the system and the requirement that the State share in 34 percent of the cost, it would be difficult to fund a replacement system within the existing resources of the child support enforcement program.

The performance audit of the CSEP completed by MAXIMUS in December 2006 recommended replacement of the CSEP component of the NOMADS system. This recommendation was based on input from district attorneys throughout the State who were responsible for administering the child support enforcement program. In discussing this recommendation further with the Division, the chief concern appears to be technological viability because it is based on program language that is no longer supported by the vendor and is difficult for the Division to maintain. Based on review of a recently formed task force made up of State and county representatives from the Division and district attorney's offices, replacement of the CSEP system is not the top priority. The Division indicates initial meetings of the task force identified the centralization of non-core functions, the issuance of more robust reports and the improvement of

document handling would have the most immediate impact on the program. There is a need for improving the technological viability of the system that does not involve a multimillion dollar replacement such as modifying the program language of the existing system. The Subcommittee may wish to approve funding to conduct the study with direction to the Division, through a letter of intent, for the study be tailored in such a way as to identify solutions that could be funded from resources within the program with the potential use of federal ARRA funds, that the solution address technological alternatives to replacement to allow the Division to effectively operate and maintain the system; and the solution address the ongoing need to interface with the public assistance portion of the NOMADS program.

ASSEMBLYMAN ARBERRY:

Do we have a contract with the vendor of the NOMADS system?

MR. KRMPOTIC:

The operating system NOMADS is based on is no longer supported by IBM. It is supported by the Division on its own.

ASSEMBLYMAN ARBERRY:

In other words, we cannot get any upgrades or other support from IBM.

MR. KRMPOTIC:

That is correct. The Division has discussed some alternatives that might work in solving its technological concerns. It would involve modifying the programming language upon which the system is based. There may be other alternatives.

CHAIR COFFIN:

Does the system basically work?

MR. KRMPOTIC:

I understand the system is based on COBOL programming language which was developed over 30 years ago. The Division has had difficulty finding people who are expert in COBOL. The situation is becoming more tenuous.

ASSEMBLYWOMAN BUCKLEY:

It seems the entire system needs to be replaced. It is old. But, we do not have the money to replace it. So we need to continue to limp along and thank everyone who works with the archaic system every day.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-586 IN B/A 101-3238 AND TO ISSUE A LETTER OF INTENT THAT THE STUDY BE TAILORED IN SUCH A WAY AS TO IDENTIFY SOLUTIONS THAT COULD BE FUNDED FROM RESOURCES WITHIN THE PROGRAM WITH THE POTENTIAL USE OF THE FEDERAL ARRA FUNDS, THAT THE SOLUTION ADDRESS TECHNOLOGICAL ALTERNATIVES TO REPLACEMENT TO ALLOW THE DIVISION TO EFFECTIVELY OPERATE AND MAINTAIN THE SYSTEM AND THAT THE SOLUTION ADDRESS THE ONGOING NEED TO INTERFACE WITH THE PUBLIC ASSISTANCE PORTION OF THE NOMADS PROGRAM.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KRMPOTIC:

The ARRA temporarily repeals the prohibition on using incentive funds as match to draw down additional child support funds for child support programs. The Budget Office has submitted Budget Amendment No. ARRA 3238 to reflect receipt under the ARRA of approximately \$1 million and federal incentive revenue of \$258,097. The Division has not made concrete proposals to spend these funds, although it has generally identified improvements in the CSEP.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE BUDGET AMENDMENT NO. ARRA 3238; TO ISSUE A LETTER OF INTENT TO HAVE THE DIVISION REPORT ON THE PROPOSED USE OF THE FEDERAL FUNDS RECEIVED UNDER THE ARRA PRIOR TO THEIR EXPENDITURE; AND THAT THE DIVISION SUBMIT A PLAN FOR EXPENDITURE OF ARRA FUNDS SUBJECT TO IFC APPROVAL.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

ASSEMBLYWOMAN BUCKLEY:

I would like to thank the Division for acting so quickly after our last hearing to set up and convene a task force to identify ways to jump-start our performance level by focusing on what can be undertaken immediately to try to improve our dismal standing. I have not seen a Division react as quickly to the Subcommittee's comments. The children and families of Nevada will benefit from this, and continued, attention from the Division.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KRMPOTIC:

The Division submitted a work program for consideration at the February 2009 IFC meeting to co-locate with the Family Support Division of the Clark County District Attorney. The move has been delayed and the DHHS is not spending any of the funds approved by the IFC this year. Staff recommends approval of adjustments to reflect the move to the Greystone building complex in FY 2009-2010 with ongoing expenses in FY 2010-2011. Decision unit E-225 recommends funding reductions of approximately \$5,000 over the biennium to transfer child support functions housed at 701 North Rancho to 620 Belrose.

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 26

Decision unit E-275 includes funding transfers of \$100,000 over the biennium to expand the use of Crystal Reports for use in the CSEP, and decision unit E-710 includes funding of \$87,675 in FY 2010-2011 to replace computer hardware and software and four scanners.

E-275 Maximize Internet and Technology – Page WELFARE-39

E-710 Replacement Equipment – Page WELFARE-41

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ADJUSTMENTS TO REFLECT THE MOVE TO THE GREYSTONE BUILDING COMPLEX IN FY 2009-2010 WITH ONGOING EXPENSES IN FY 2010-2011; AND TO APPROVE DECISION UNITS E-225, E-275 AND E-710 IN B/A 101-3238.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

CHAIR COFFIN:
We will now hear B/A 101-3239.

Welfare - Child Support Federal Reimbursement – Budget Page WELFARE-44
(Volume II)
Budget Account 101-3239

MR. KRMPOTIC:

This budget account was created to separate the Child-Support program's State administrative costs from collections and disbursements and pass-through of federal funds to local district attorneys and the Attorney General's Office. The ARRA temporarily repeals the prohibition on using incentive funds as match to draw down addition child-support funds for child-support programs. The Budget Office has submitted Budget Amendment No. ARRA 3239 to reflect the receipt of funding of \$9.3 million in ARRA funds and \$2.1 million in federal incentive revenue. Decision unit E-325 increases federal child-support funding passed through to the counties by \$5.1 million in FY 2009-2010 and \$7.5 million in FY 2010-2011 based on established contracts.

E-325 Services at Level Closest to People – Page WELFARE-44

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE BUDGET AMENDMENT NO. ARRA 3239; TO ISSUE A LETTER OF INTENT REQUIRING THE DIVISION TO REPORT TO THE IFC ON THE PROPOSED USE OF FEDERAL FUNDS RECEIVED UNDER THE ARRA PRIOR TO THEIR EXPENDITURE AND THAT THE DIVISION SUBMIT A PLAN FOR EXPENDITURE OF ARRA FUNDS SUBJECT TO THE IFC APPROVAL; AND TO APPROVE DECISION UNIT E-325 IN B/A 101-3239.

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 27

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR COFFIN:
We will now hear B/A 101-4862.

Welfare - Energy Assistance Program – Budget Page WELFARE-52 (Volume II)
Budget Account 101-4862

MR. KRMPOTIC:
Decision unit E-600 in the *Executive Budget* recommends reductions in the Universal Energy Charges (UEC) and federal Energy Assistance grant funds by \$2.7 million in FY 2009-2010 and \$4.4 million in FY 2010-2011, which primarily results in reductions in the payment of benefits from this program.

E-600 Budget Reductions – Page WELFARE-54

These reductions were proposed to allow the Division to remain within existing funding levels as compared with caseload increases. The average assistance amount was previously reduced to \$559, and approximately 4,000 households in the first year and 10,000 households in the second year would go unserved as a result of the funding limitations. The Division received a large influx of federal Low Income Home Energy Assistance Program (LIHEAP) funds that were approved for addition to the budget at the IFC meeting on February 3, 2009. Fiscal Staff has received updated projections on the balance of UEC funds that would be available at the end of this biennium. Based on the increased amounts of LIHEAP and UEC funds available at the start of FY 2009-2010, the reductions recommended in decision unit E-600 can be eliminated. In FY 2010-2011, the reduction of \$2 million can be adjusted by \$2.9 million in UEC funds, resulting in an increase in federal Energy Assistance grant funds of approximately \$900,000. The adjustments to the budget are detailed in the table on page 33 of [Exhibit C](#). The adjustments proposed would fully spend available federal LIHEAP and UEC funds by the end of the biennium.

CHAIR COFFIN:
Does any legislation regarding energy subsidies affect our budgets?

MR. KRMPOTIC:
Staff has not noted any major pieces of legislation that would affect the funding levels in this budget account.

CHAIR COFFIN:
They are stand-alone bills then?

MR. KRMPOTIC:
As far as I know. I have not seen any noticeable policy changes in UEC or Energy Assistance.

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 28

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE B/A 101-4862 WITH THE ADJUSTMENTS AS OUTLINED BY STAFF.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KRMPOTIC:

Decision unit E-251 includes increases to out-of-state travel, in-state travel and operating expenses. Decision unit E-710 includes funding to provide for replacement computer hardware and software.

E-251 Working Environment and Wage – Page WELFARE-54

E-710 Replacement Equipment – Page WELFARE-56

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-251 AND E-710 IN B/A 101-4862 AS THE GOVERNOR RECOMMENDS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR RAGGIO WAS ABSENT FOR THE VOTE.)

* * * * *

Joint Subcommittee on Human Services/CIPS
Senate Committee on Finance
Assembly Committee on Ways and Means
April 24, 2009
Page 29

CHAIR COFFIN:
We did not close the TANF budget. We did not have consensus. We will meet again in Subcommittee to discuss this budget. As there is no further business to come before this Subcommittee we are adjourned at 10:21 a.m.

RESPECTFULLY SUBMITTED:

Patricia O'Flinn,
Committee Secretary

APPROVED BY:

Senator Bob Coffin, Chair

DATE: _____

Assemblywoman Sheila Leslie, Chair

DATE: _____