

**MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Sixth Session
May 17, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 7:12 a.m. on Tuesday, May 17, 2011, in Room 4100 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/76th2011/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 Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Sheila Leslie, Vice Chair
Senator Barbara K. Cegavske
Senator Moises (Mo) Denis
Senator Ben Kieckhefer
Senator David R. Parks
Senator Dean A. Rhoads

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Jeffrey A. Ferguson, Senior Program Analyst
Jennifer Byers, Program Analyst
Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith said that the Committee would be closing budgets, beginning with Closing List Number 19 ([Exhibit C](#)) which concerned the Division of Welfare and Supportive Services.

HUMAN SERVICES

WELFARE AND SUPPORTIVE SERVICES

HHS-WELFARE-CHILD SUPPORT ENFORCEMENT PROGRAM (101-3238)

BUDGET PAGE DHHS DWSS-30

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), began his presentation with the Child Support Enforcement Program (CSEP), budget account 3238. Mr. Ferguson said that during the budget hearing there was information concerning major closing issue 1 that had not been available. The Division had provided that information, (Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #19), some of which was summarized in the table on page 2 of [Exhibit C](#) which showed some of the performance measures and state rankings relative to a national level that the Child Support Enforcement Program had attained. Mr. Ferguson said improvements had occurred over the last few years. In addition, the Subcommittee had requested a ranked priority list of

add-backs as funds became available, listed in numbers 1, 2, 3, and 4 on page 2 of [Exhibit C](#).

Add-back 1 would restore two of the three positions proposed for elimination. Add-back 2 would restore ten state positions colocated with Clark County staff. Add-back 3 would restore \$2 million in General Funds over the biennium to the Administration account. Add-back 4 would restore the Employment Assistance Program.

Mr. Ferguson said there were some amendments that were provided by the Office of the Governor for add-backs to the Division of Welfare and Supportive Services, but there were no amendments recommended for budget account (BA) 3238.

Mr. Ferguson said major issue 2 at the bottom of page 2 of [Exhibit C](#) requested the elimination of three positions in decision unit Enhancement (E) 613. The reduction of those positions would reduce the State Share of Collections (SSC) expenditures by \$120,694 over the biennium with corresponding reductions in federal child support funds of \$234,287. Mr. Ferguson said those figures were based on a matching federal financial participation (FFP) rate of 66 percent federal funds and 34 percent state funds. He further explained that when he referred to SSC expenditures in the child support budget, the state would pay with Temporary Assistance for Needy Families (TANF) funds or any other cash assistance money to families who were on welfare. If families were on welfare because they were not receiving child support payments, when those child support payments were received, the payments went to the state. If the state had already paid benefits to those families, the state retained those amounts of the child support collections. Mr. Ferguson said that portion was the State Share of Collections (SSC).

The three positions slated for elimination in decision unit E613 were a family services specialist 3, an administrative assistant 3, and a program officer 1. Mr. Ferguson said decision unit E613 was the Division's number one requested add-back and would include two of three positions. The third position, the program officer 1, was in the State Collections and Disbursement Unit (SCaDU), and because of reorganization, the position was no longer needed.

The family services specialist 3 position worked at the help desk and provided technical and program support to the Division, county partners, and other state and federal agencies. The Division indicated the loss of the position would affect customer service to external and internal partners, whereby program operations could be delayed or halted. The administrative assistant 3 was

responsible for entering interstate cases into the Central Registry and performed services upon request by other states. Mr. Ferguson said these were federally required time-sensitive functions which would be absorbed by remaining Central Registry staff. The Division had indicated that loss of this position could result in federal sanctions for noncompliance and reduced federal revenue and increased penalties in the TANF block grant and incentive grants. Mr. Ferguson reiterated that there were no adverse consequences to the program officer 1 position being eliminated.

Subsequent to the budget hearing, Fiscal staff had asked the agency to reproject what their ending reserve would be in BA 3238 from fiscal year (FY) 2011 to FY 2012, the first fiscal year of the upcoming biennium. The agency indicated that the balance forward would be approximately \$2.6 million instead of the \$2.3 million reflected in The Executive Budget. Mr. Ferguson said the account would have an ending reserve at the end of FY 2013 of approximately \$1.33 million instead of \$1.03 million. Fiscal staff asked the agency what the minimum reserve level should be in BA 3238 and what that should be based upon. The agency responded that reserves should support about 45 to 60 calendar days, and that would be based on FY 2013 operating costs of approximately \$700,000 to \$933,000. Mr. Ferguson pointed out that with the reprojected balance forward of \$2.6 million in FY 2012 and adding back priorities 1 and 2 from the Division's add-back list, the projected ending reserves would be approximately \$800,000 at the end of FY 2013.

Mr. Ferguson said there were ten state positions colocated in Clark County. Accordingly, the Committee might consider adding back the Division's first two add-back priorities which would be funded through reserve reductions of about \$281,000 in FY 2012 and \$285,000 in FY 2013. That would leave the Division with an adequate, although minimum, reserve level of \$800,00. Fiscal staff had discussed this with the agency, and there was agreement that it could be done. The options for consideration would be (1) to approve decision unit E613 to eliminate the three positions in the Child Support Enforcement Program account as recommended by the Governor or (2) add-back two of the three positions recommended for elimination by the Governor as reflected in the Division's add-back priority list. This would require reserve reductions of \$35,406 in FY 2012 and \$36,018 in FY 2013. Based on the recently reprojected reserve level in this account, the ending reserves would appear to be adequate should the option be approved by the Committee.

Assemblywoman Mastroluca recommended that based on discussions held in Committee and the money available for the add-backs, the Committee should approve option two.

ASSEMBLYWOMAN MASTROLUCA MOVED TO ADD-BACK TWO OF THE THREE POSITIONS RECOMMENDED FOR ELIMINATION BY THE GOVERNOR IN DECISION UNIT E613.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and Senator Horsford were not present for the vote.)

Mr. Ferguson stated that major closing issue 3 was the Governor's recommended elimination of 10 state positions colocated with the Clark County District Attorney Child Support Enforcement Unit in Las Vegas. Decision unit E661, if approved, would result in reduced expenditures from the SSC of \$494,704 over the biennium and a corresponding loss of associated federal matching funds of \$960,307. There were eight family service specialist 3 positions, one social services manager 1 position, and one family services supervisor 1 position. The restoration of this recommendation was the Division's second priority add-back. Clark County was one of only six counties that provided full case-management services for all child support cases within the county, which included location, establishment, and enforcement services for nonassistance, public assistance, and former public assistance cases. Mr. Ferguson said, by way of comparison, Washoe County did not have any state positions because it did not provide full case management services.

Mr. Ferguson said the ramifications of eliminating those 10 positions would be delayed financial and medical services for children, decreased case integrity and data reliability, and loss of oversight of community outreach programs. The elimination of the positions would affect the federally required Hospital Paternity Program in which hospital staff was educated on the necessity and requirements of establishing paternity. The agency testified that decreased program performance because of the loss of the ten positions could result in decreased federal incentives and/or a penalty to the program via the TANF Block Grant which would affect Clark County. It would increase caseloads for case managers and negatively affect the ability to collect child support payments. Mr. Ferguson noted the agency had indicated that the ten positions functioned as a unit, so any potential add-back would require the full ten positions: the number of positions could not be reduced. Mr. Ferguson said options for consideration would be (1) to approve the Governor's recommendation to eliminate the ten positions or (2) to not approve decision

unit E661 to eliminate the ten positions which would require reserve reductions of \$280,763 in FY 2012 and \$285,365 in FY 2013. Mr. Ferguson noted that similar to closing issue 1 based on the recently reprojected reserve level in this account, the ending reserves appeared to be adequate should option 2 be approved by the Committee.

Assemblywoman Mastroluca noted there had been discussion about this closing issue in Subcommittee, and as stated in [Exhibit C](#), it was the Division's number two priority add-back. She said the advantage of having the ten positions was that they brought money into the state and helped families receive more of their child support, which meant they were spending more money and putting money back into their communities. Because the ten positions were a unit, the loss would be a large problem for Clark County because of the reserve levels in the account and the fact that adding back these ten positions would not have an impact on the General Fund. Assemblywoman Mastroluca recommended that decision unit E661 not be approved.

Assemblyman Grady asked whether the Subcommittee had discussed adding back only half of the positions.

Assemblywoman Mastroluca replied that that discussion had not been held and again, because this was a unit, it was an all-or-nothing option. She commented that it was a relatively small amount of money required to keep those people employed compared with the amount of money collected by the unit.

Jeff Ferguson agreed there was a significant amount of money that Clark County reported would be lost if the unit was eliminated.

Assemblyman Goicoechea asked how solid the projections were on the reserve levels. He said his biggest concern was that the reserves would be expended and staff would be laid off.

Mr. Ferguson commented that in discussions with the agency, it had been determined that the projections were relatively accurate, but there was always a chance something unforeseen could occur. Should the unforeseen occur, the agency would attempt to make adjustments. Mr. Ferguson related that the agency believed that continuing the unit was important.

Assemblywoman Mastroluca pointed out that if the program was decreased, not only would the state lose the dollars that normally would be received, but it also could see federal penalties through the TANF Block Grant for not adhering to the agreement with the federal government.

Assemblyman Hogan commented that decision unit E661 set up a situation whereby the state in its frenzy to save small amounts of money would even penalize those counties that stepped up to their full responsibility and provided full services in important areas such as child welfare. He said the state needed to honor those counties which had done everything possible to fully staff and execute essential programs.

ASSEMBLYWOMAN MASTROLUCA MOVED TO NOT APPROVE
DECISION UNIT E661 TO ELIMINATE THE TEN STATE POSITIONS
CURRENTLY COLOCATED IN CLARK COUNTY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hickey and Kirner voted
no.) (Assemblyman Ocegura and Senator Horsford were not
present for the vote.)

Mr. Ferguson said closing issue 4 was the transfer of \$1 million, the state's share of collections annually from this account to the Division's Administration account, to cover a portion of the child support allocation of administrative costs. In the Administration account, this transfer would directly offset General Funds by the same amount; therefore, General Fund savings would be in the Administration account. Prior to the 26th Special Session (2010), the state's share of child support program costs in the Administration account were paid with General Funds. However, Assembly Bill No. 6 of the 26th Special Session required the transfer of State Share of Collections (SSC) revenue of \$216,934 in FY 2010 and \$2,030,988 in FY 2011 from this account to the Administration account where General Funds were reduced. Mr. Ferguson said it should be noted that this account was funded through a 66 percent federal financial participation (FFP) and 34 percent state match, with the state match allowed to come from SSC revenue retained from TANF child support cases. The recommendation to use \$1 million in SSC revenue to fund administration costs would ultimately result in the loss of approximately \$2 million in federal matching reimbursement funds in this account.

Mr. Ferguson said option 1 for consideration was to approve the Governor's recommendation in decision unit E600 to transfer \$1 million annually from this account to the Welfare Administration account, which would provide General Fund savings of \$1 million in each year of the biennium in the

Administration account. Option 2 would be to reduce the annual transfer from this account to the Welfare Administration account. For example, as stated on the closing sheets at the top of page 5 in [Exhibit C](#), if all of the budget reductions were restored—and because add-backs 1 and 2 had already been approved—it would reduce the transfer by \$390,542 in the first year and \$396,967 in the second year of the biennium. Any reduction in the transfer from this account to the Administration Account would reduce General Fund savings in the Administration Account. Option 3 would be to not approve the Governor's recommendation to transfer \$1 million annually from this account to the Welfare Administration account. Mr. Ferguson said option 3 would reduce General Fund reductions in the Administration Account by \$1 million in each year of the biennium.

Assemblywoman Mastroluca recommended approving option 1 because any other options would create havoc with the state's very fragile budget.

Assemblyman Kirner asked whether by approving option 1 the state was losing \$2 million in federal government matching funds.

Mr. Ferguson agreed that was correct. Budget account 3238 was funded with two sources, the State Share of Collections (SSC), which provided 34 percent of the budget, and with federal matching funds providing the remaining 66 percent. He said the match had always been at that ratio. If \$1 million was removed, then the state would not receive \$2 million of federal funds.

In response to a question from Assemblyman Kirner, Mr. Ferguson said there would be reductions in different expenditures in the account related to child support collections such as efforts to locate and collect child support statewide. He said there would be a variety of changes, but there would be some effect.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E600 TO TRANSFER \$1 MILLION ANNUALLY FROM THE CHILD SUPPORT ENFORCEMENT PROGRAM, BUDGET ACCOUNT 3238, TO THE ADMINISTRATION ACCOUNT, BUDGET ACCOUNT 3228.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegura and Senators Horsford and Parks were not present for the vote.)

Mr. Ferguson referred to major closing issue 5, where the Governor recommended eliminating the Employment Assistance Program (EAP) statewide, including four positions. Elimination of EAP would reduce the State Share of Collections (SSC) expenditures by \$172,111 over the biennium, with the loss of federal matching funds of \$334,097. Mr. Ferguson said the positions lost would be three family services specialist 2 positions, two in Las Vegas and one in Reno, and one administrative assistant 2 in Las Vegas. The EAP provided support services to eligible noncustodial parents who were unemployed or underemployed with the goal of increased child support collections and compliance with court orders. Some of the services that would be lost would be job counseling workshops, referrals, preemployment supportive services, and postemployment supportive services. During the budget hearing, the agency had indicated that EAP was considered for elimination because other state programs provided similar employment support services. For example, nonpublic assistance clients would be referred to the Employment Security Division's (ESD's) Job Seekers Services, and public assistance cases would also be referred to ESD, as well as the Welfare Division's Employment Support Services for clients with multiple barriers to employment.

Senator Leslie stated that she hated eliminating EAP, but did not believe there was another option. She said she would accept the Governor's recommendation to eliminate four positions, recognizing that once again the state would lose federal funding.

Assemblywoman Mastroluca pointed out that this was an area where the state was able to help people go back to work. When they went back to work, they could pay their child support, which she believed was a double bonus. She further said EAP supplied simple things that people needed, like bus passes, work cards, and assistance in writing a resume.

Assemblyman Hogan commented that he would not be able to support Senator Leslie's motion.

SENATOR LESLIE MOVED TO APPROVE DECISION UNIT E660 TO ELIMINATE THE CHILD SUPPORT ENFORCEMENT PROGRAM'S EMPLOYMENT ASSISTANCE PROGRAM, INCLUDING FOUR POSITIONS, AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan voted no.)
(Senator Horsford was not present for the vote.)

Continuing with other closing items, Mr. Ferguson explained that decision unit E490 eliminated ARRA (American Recovery and Reinvestment Act of 2009) funds. Decision unit E601 made adjustments related to the Federal Medical Assistance Percentage (FMAP). Subsequent to The Executive Budget, there were updates to FMAP which decreased the State Share of Collections by \$49,996 in FY 2012 and \$72,634 in FY 2013 with corresponding decreases in the reserve for reversion to the General Fund. Mr. Ferguson said based on the information provided by the Division, the recommendation appeared reasonable.

Decision unit E710 recommended \$33,062 in FY 2012 and \$15,150 in FY 2013 for replacement computer hardware and software, in accordance with the Department of Information Technology (DoIT) replacement schedule.

SENATOR LESLIE MOVED TO APPROVE THE OTHER CLOSING
ITEMS AS RECOMMENDED BY THE GOVERNOR WITH
AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Horsford was not present for the
vote.)

BUDGET CLOSED.

HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE-ADMINISTRATION (101-3228)
BUDGET PAGE DHHS DWSS-1

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented the Welfare Administration account, budget account 3228. Mr. Ferguson said the first major issue on page 8 of [Exhibit C](#) (Closing List #19) was the Eligibility Engine system for health care and health insurance. Decision unit Enhancement (E) 400 provided \$1 million in fiscal year (FY) 2012 and \$13.9 million in FY 2013 for the

development and implementation of the Eligibility Engine system that would determine individual eligibility for publically subsidized healthcare programs. The decision unit included five positions in FY 2012, which would start in November 2011, and eight additional positions in FY 2013, which would be phased in over the year. The entire cost of \$1 million for FY 2012 would be funded with federal Health Exchange funds, and the \$13.9 million in FY 2013 would be funded with about \$9 million in federal Health Exchange funds, \$4.5 million in federal Medicaid funds, and General Fund appropriations of \$494,838. The Eligibility Engine system would be integrated with the Health Insurance Exchange, and the eligibility rules for the state's publically subsidized healthcare programs would be stored in one place. The total cost for the three-year project would be approximately \$23.48 million through FY 2014. Mr. Ferguson said there would be ongoing operating costs of approximately \$3.8 million annually. Page 8 of [Exhibit C](#) contained a table that illustrated those costs.

Mr. Ferguson pointed out that the Technology Investment Request (TIR) indicated a factor of plus or minus 25 percent, and the project could cost as much as \$29.8 million. Also included in the TIR and shown on page 9 of [Exhibit C](#), was an appropriation for \$742,538 in FY 2013 to convert 14 million lines of code in the current NOMADS (Nevada Operations of Multi-Automated Data Systems) from an old, outdated programming language to a new language. Mr. Ferguson said this was needed because NOMADS would work in conjunction with the Eligibility Engine and would add many years of usability to NOMADS at a reasonable cost. This item was discussed at the work session, and there appeared to be consensus that the conversion was warranted. Fiscal staff pointed out that the Committee previously approved the transfer in the Medicaid funds to the Welfare account for the Eligibility Engine system. Mr. Ferguson said that staff had made minor technical adjustments to this account reflected in [Exhibit C](#) to eliminate merit pay that was inadvertently included for the 13 new positions.

Senator Denis asked whether only a part of NOMADS was being converted.

Mr. Ferguson replied that the entire NOMADS, 14 million lines of code, was being converted. The system contained an old, outdated computer language called Cross System Product (CSP), and it would be converted to Enterprise Generation Language (EGL). Mr. Ferguson explained that the conversion had been successfully performed before so there was little risk that it would not work. He further explained that NOMADS was ten years old or more, the language used to program it was no longer used, and those who programmed the language were retiring or moving on to other things.

Senator Denis questioned why NOMADS was being converted instead of writing an entirely new program.

Mr. Ferguson said NOMADS was a very large program, and it would be a huge and expensive undertaking to start from scratch. The state had spent in excess of \$100 million bringing the system to its present condition, and the scope of redoing the entire project would be much larger than the conversion.

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNIT E400 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Horsford was not present for the vote.)

Mr. Ferguson said the next major closing issue was decision unit E601, the elimination of four positions in the Division's Central Office. He said the recommendation would result in savings of \$247,176 in FY 2012 (General Funds of \$73,113) and \$265,153 in FY 2013 (General Funds of \$75,804). The positions to be eliminated would be one administrative assistant 2, one accounting assistant 2, one management analyst 3, and one training officer 1. The agency had indicated that it did not believe this would result in any layoffs because the positions were either currently vacant, or in one case, the incumbent was transferring to another position within the agency. During the budget hearing, the agency indicated that through organizational restructuring the elimination of these four positions would not compromise the Central Office's ability to effectively support the Division.

SENATOR LESLIE MOVED TO APPROVE DECISION UNIT E601 TO ELIMINATE FOUR POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Horsford was not present for the vote.)

Mr. Ferguson said decision unit E600 was a transfer of \$1 million from the Child Support Enforcement Program account (CSEP) to the Welfare Administration account. The transfer had already been discussed in the Child Support account. The Committee voted to approve the Governor's recommendation to transfer the funds; therefore, staff recommended approving the Governor's recommendation in decision unit E600 as well.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE
DECISION UNIT E600 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Horsford was not present for the vote.)

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Mr. Ferguson referred to other closing item 1, caseload increases. Decision unit Maintenance (M) 200 recommended funding of \$257,065 in fiscal year (FY) 2012 and \$285,612 in FY 2013 to address the effect of caseload increases in the Administration account. Mr. Ferguson noted this recommendation funded postage, printing, and operating costs and appeared reasonable to Fiscal staff.

In other closing item 2, decision unit E490 eliminated one-time federal Supplemental Nutrition Assistance Program (SNAP) and American Recovery and Reinvestment Act of 2009 (ARRA) funds. Those funds were used in lieu of General Funds to offset administrative costs of the electronic benefits transfer (EBT) of SNAP costs and required General Fund appropriations of \$623,169 in each year of the biennium.

In other closing item 3, the Division had updated the information regarding its cost allocation through the third quarter of fiscal year 2011 for the Administration and Field Services accounts. That update affected the Administration account as well as the Field Services account and was based on the application of the reprojected cost allocation. The cost-allocation procedures were based on random moment surveys and had been approved by the federal government and the Legislature in the past. The surveys direct how the federal funds would be applied to the cost of administration and eligibility.

Based on the information provided by the Division, according to Mr. Ferguson, the rejections increased the allocation of expenses for federal programs,

including the TANF (Temporary Assistance for Needy Families) program; however, because the grant funds were fully expended in The Executive Budget, General Funds of \$430,346 were required over the biennium in the Administration account, and \$790,220 of General Fund was required in the Field Services account. This amounted to an overall increase of \$1.22 million. This was again based on rejections of the cost allocation and required additional General Funds above what was requested in The Executive Budget of \$430,346 in the Administration account and \$790,220 in the Field Services account. Mr. Ferguson noted that this was the kind of hole that needed to be filled with General Funds. Staff had reviewed those projections, and they appeared to be calculated correctly and were reasonable. Fiscal staff requested authority to revise the funding levels in the Administration account and the Field Services account based on revised cost-allocation information which was projected through March 2011.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND GRANT AUTHORITY TO FISCAL STAFF TO REVISE FUNDING LEVELS IN THE ADMINISTRATION AND FIELD SERVICES ACCOUNTS BASED ON REVISED COST-ALLOCATION INFORMATION THROUGH MARCH 2011.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Bobzien and Senators Horsford and Parks were not present for the vote.)

BUDGET CLOSED.

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HUMAN SERVICES

WELFARE AND SUPPORTIVE SERVICES

HHS-WELFARE-ASSISTANCE TO AGED AND BLIND (101-3232)

BUDGET PAGE DHHS DWSS-17

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account 3232, the Assistance to the Aged and Blind program, which provided supplemental income to low-income, aged and blind individuals and provided adult group care facilities (AGCF) with supplements, which helped recipients avoid or delay institutionalization. Decision unit Maintenance (M) 200 recommended increases

in General Funds of \$290,674 in fiscal year (FY) 2012 and \$592,875 in FY 2013 to provide for caseload increases of 8.3 percent in FY 2012 over 2010 and a 4.2 percent increase from FY 2012 to FY 2013. The table at the top of page 21 of [Exhibit C](#) (Closing List #19) showed the increases.

Mr. Ferguson said the amounts that were recommended in The Executive Budget continued to reflect the anticipated cases and did not require adjustment based on the agency's caseload rejections. The Executive Budget did not recommend a state-funded increase in the amount of the supplements that were paid or a rate increase for group care operators. Historically, the money committees had requested the agency, via a Letter of Intent, to indicate how it would implement federal Supplemental Security Income (SSI) payment increases that were typically requested in January of each year. According to Mr. Ferguson, there were no SSI payment increases that were scheduled in the current biennium, and accordingly, the Governor did not recommend any increases in either year of the biennium. The table in the middle of page 21 of [Exhibit C](#) showed the projected 2011 amounts. Fiscal staff recommended closing the Assistance to the Aged and Blind account as recommended by the Governor including the continuation of a Letter of Intent to have the Division report to the IFC (Interim Finance Committee) for the upcoming biennium prior to implementing the annual federal SSI cost of living payment increases which should be scheduled for January 2012 and January 2013.

ASSEMBLYMAN KIRNER MOVED TO CLOSE BUDGET ACCOUNT
3232 AS RECOMMENDED BY THE GOVERNOR WITH THE
CONTINUATION OF THE LETTER OF INTENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Bobzien and
Senators Horsford and Parks were not present for the vote.)

BUDGET CLOSED.

WELFARE AND SUPPORTIVE SERVICES

HUMAN SERVICES

HHS-WELFARE-FIELD SERVICES (101-3233)

BUDGET PAGE DHHS DWSS-20

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented Field Services, budget account (BA) 3233. In this account, the Governor recommended relocating the current Reno District office, located on Kings Row, into two new offices to better serve the clients (Decision unit Enhancement (E) 250). The total cost for this recommendation was \$323,739 in fiscal year (FY) 2012 with General Funds making up \$110,693 of the total, providing a net reduction in expenditures of \$27,169 in fiscal year 2013. Mr. Ferguson said the expenditures in the first year of the biennium were one-time in nature and included computer networking, telecommunications hardware and software, and moving expenses. The current office was not centrally located, there were transportation issues, and the configuration of the office was not ideally suited to a Welfare office. The Division of Welfare and Supportive Services confirmed that the rent and utility costs for the two offices combined were anticipated to be less than the amount currently being paid in the Reno District Office and was reflected in the budget. Based on the information provided by the Division, Fiscal staff regarded this recommendation as reasonable.

Senator Leslie commented that she was very familiar with the Reno office on Kings Row and she believed clients would be better served by having two offices, one in Reno and one in Sparks.

SENATOR LESLIE MOVED TO APPROVE DECISION UNIT E250 TO RELOCATE THE CURRENT RENO DISTRICT OFFICE INTO TWO SEPARATE OFFICES IN THE RENO/SPARKS AREA AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

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Mr. Ferguson explained that in major closing issue 2, the Governor recommended closing the Northern Professional Development Center (NPDC), a 7,883 square-foot facility located in Reno, on July 1, 2011 (Decision unit E607). That recommendation would provide budget reductions of \$130,545 in FY 2012, including \$44,636 in General Funds, and \$133,904 in FY 2013, including \$45,786 in General Funds. Currently, NPDC served as a site for education and case management training and also housed the Northern Nevada Investigations and Recovery Unit. During the Subcommittee budget hearing, the agency indicated the field services staff would be relocated within other northern Nevada Welfare Division facilities and the training academy would move to existing space in the Carson City District Office. In addition, the agency indicated NPDC housed one child care assistance and development position which would be relocated to the Division's Central Office. The Division testified that closing this Office would not compromise delivery of services because all functions would be absorbed within existing office space in Reno and Carson City. Mr. Ferguson pointed out that the Office currently provided rent-free space to Washoe County personnel related to the county Child Care Services program, and that space would no longer be available.

ASSEMBLYMAN HOGAN MOVED TO APPROVE DECISION UNIT E607 TO ELIMINATE THE NORTHERN NEVADA PROFESSIONAL DEVELOPMENT CENTER AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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Mr. Ferguson presented decision unit E608 in which the Governor recommended elimination of the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) 50/50 program which was so-named because it was funded with 50 percent General Funds and 50 percent federal funds. Mr. Ferguson said the elimination of the program would provide General Fund savings of \$33,474 in each year of the 2011-2013 biennium and a corresponding loss of federal funds in the same amount. Fiscal staff pointed out that although the Governor recommended eliminating the SNAP 50/50 Employment and Training program (SNAP E&T), there would still be a 100 percent federally funded SNAP E&T program that would continue in the biennium. That program was funded with federal funds of \$134,912 in each year of the biennium. The Division indicated that all eligible clients would still

be provided employment and training services through the 100 percent federal SNAP E&T program, but with larger class sizes.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE
DECISION UNIT E608 IN BUDGET ACCOUNT 3233 AS
RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

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

* * * * *

Mr. Ferguson stated that decision unit E490 eliminated federal SNAP American Recovery and Reinvestment Act of 2009 (ARRA) funds. Decision unit E600 eliminated two motor pool vehicles, but those motor pool vehicles had already been returned to the State Motor Pool in January 2011 because they were not being used. The agency indicated that personal vehicles would be used, and reimbursement would occur from existing state travel funds that were included in the base budget. Mr. Ferguson pointed out that, historically, in the Field Services account there had been staff increases associated with caseload increases, but at this time there were no increases in staff. Instead, the Division was relying on increased caseload processing efficiencies that were generated through the recently implemented AMPS (Application Modernization and Productivity Services) program which was approved by the Legislature in the 2009 Session. He said the program appeared to be working and providing those efficiencies, and no new positions were being requested. This item was included for information only and did not require action from the Joint Committee.

ASSEMBLYMAN HOGAN MOVED TO APPROVE DECISION UNITS
E490 AND E600 AS RECOMMENDED BY THE GOVERNOR AND
GRANT STAFF AUTHORITY TO MAKE TECHNICAL
ADJUSTMENTS REGARDING THE COST ALLOCATION
REPROJECTIONS.

SENATOR PARKS SECONDED THE MOTION.

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

BUDGET CLOSED.

HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE-CHILD SUPPORT FEDERAL REIMBURSEMENT (101-3239)
BUDGET PAGE DHHS DWSS-39

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented the Child Support Federal Reimbursement budget account (BA) 3239. He said the account was used to pass through federal payments to local district attorneys as reimbursement for the federal share of county budgets for child support activities. Mr. Ferguson said there were no major closing issues in this account. He mentioned that decision unit Enhancement (E) 490 eliminated federal American Recovery and Reinvestment Act of 2009 (ARRA) funds of \$3,925,474 in each year of the biennium. The Fiscal staff recommended approval of the Child Support Federal Reimbursement account as recommended by the Governor.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE THE CHILD
SUPPORT FEDERAL REIMBURSEMENT ACCOUNT AS
RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

HUMAN SERVICES
WELFARE AND SUPPORTIVE SERVICES
HHS-WELFARE-TANF (101-3230)
BUDGET PAGE DHHS DWSS-10

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account 3230. Mr. Ferguson referred to page 13 of [Exhibit C](#), (Closing List # 19), major closing issue 1. The Executive Budget anticipated the continued receipt of annual block

grants of approximately \$44 million in each year and a supplemental grant of approximately \$3.7 million in fiscal year (FY) 2012 and \$2.8 million in FY 2013. The supplemental grant was for Nevada's high population growth and was anticipated to be phased out beginning in October 1, 2008; however, Congress had continued to authorize the grant and for federal fiscal year 2010, had funded it through the American Recovery and Reinvestment Act of 2009 (ARRA) funds. Congress had reauthorized the Temporary Assistance for Needy Families (TANF) supplemental grant for federal fiscal year 2011, but only through June 30, 2011. Mr. Ferguson said if Congress did not approve the extension of the supplemental grant, TANF funding of approximately \$3.7 million in FY 2012 and \$2.8 million in FY 2013, which was included in The Executive Budget, would not be received by the state, requiring the addition of a like amount of General Funds to continue benefits as recommended by the Governor.

According to Mr. Ferguson, in addition to the TANF supplemental grant, the federal government also periodically provided TANF Block Grant Contingency Funds, and those funds were given to economically qualifying states. During the Legislative Commission's Budget Subcommittee hearing on January 27, 2011, the Division indicated that the TANF source and use statement, which was used in constructing The Executive Budget, included Block Grant Contingency funds of \$6.5 million in FY 2012. However, subsequent to that hearing, the Division learned there had been changes in the federal funding allocations through the federal fiscal year 2011 continuing resolution budget process, and TANF Block Grant Contingency Funds would be reduced from \$6.5 million to \$2.2 million, which was a \$4.3 million reduction.

Mr. Ferguson said that based on the most recent TANF Block Grant source and use data provided by the Division of Welfare and Supportive Services at the March 31, 2011, caseload meeting, the TANF related expenditures, as recommended in The Executive Budget for the 2011-2013 biennium, exceeded available resources in each year. Mr. Ferguson said, as a result, the balance of unspent TANF funding would decrease to a projected level of \$5.3 million at the end of fiscal year 2012 and then to a negative \$2.5 million at the end of fiscal year 2013. When The Executive Budget was constructed, the agency indicated that it anticipated the receipt of Contingency Grant funds of \$6.5 million and expected to have an ending reserve of \$1 million; however, loss of those funds and caseload reprojections now showed the agency would have a deficit of \$2.5 million.

Mr. Ferguson noted that at the caseload meeting that was conducted on March 31, 2011, the Director of the Department of Health and Human Services

and the Administrator of the Welfare Division pointed out that the TANF source and use schedule did not contain any TANF Contingency Grant funds for FY 2013 (it contained \$2.2 million in FY 2012). As a result, the agency indicated that it would prefer to address the negative TANF reserve by including \$2.5 million in TANF Contingency Grant funds in FY 2013, which would bring the projected TANF reserve levels to approximately zero at the end of the 2011-2013 biennium.

Mr. Ferguson pointed out that the agency had indicated that it had not received formal notice that it would receive those federal funds for fiscal year 2013, and the inclusion of the funds to balance the TANF source and use statement could be risky. The agency received \$2.6 million of Contingency Grant funds in FY 2010, but none in FY 2011. The agency indicated that it would not know whether it would receive the TANF Contingency Grant funds until late in calendar year 2011. The agency indicated that recent correspondence with the federal government had provided some optimism that the Contingency Grant funds would be available in FY 2013. During the budget hearing, the Subcommittee had asked the agency how it would address an issue of negative TANF reserves in FY 2013. The agency indicated that the negative reserve was a projected reserve, and that it would monitor projections closely and make program modifications as needed to ensure TANF expenditures would not exceed revenues.

Mr. Ferguson noted that if the 2011 Legislature approved the TANF budget as recommended by the Governor, and if TANF Contingency Grant funds of at least \$2.5 million were not provided by the federal government, the Division would have to implement reductions to the TANF program beyond those recommended by the Governor, including the possible reductions in TANF cash assistance grants by 5 percent or 10 percent in FY 2013. Based on information that the Division had provided to Fiscal staff, a 5 percent reduction in TANF cash assistance grants would decrease the projected average monthly TANF cash assistance payment for a typical family of three by \$18.24 from a monthly average of \$365.04 to \$346.80. Similarly, a 10 percent reduction would decrease the average projected monthly cash assistance payment for a typical family of three by \$36.48, from \$365.04 to \$328.56.

Staff provided three potential options in closing the TANF account as follows:

- Option 1 would be to approve the inclusion of \$2.5 million in TANF Contingency funds in fiscal year 2013 to balance TANF revenues and expenditures as recommended by the Governor. This option was proposed by the agency. If the TANF contingency grant funds were not

received, the Division would likely have to make program reductions beyond those recommended by the Governor, included possibly reducing TANF cash assistance payments by 5 percent in fiscal year 2013. If the Committee approved this option, it might want to issue a Letter of Intent to the Division to report to the Interim Finance Committee prior to the beginning of fiscal year 2013 concerning projected 2013 TANF revenues and whether any program reductions would be required.

- Option 2 would not approve the inclusion of \$2.5 million in TANF Contingency Grant funds in fiscal year 2013. This option would require the elimination of \$2.5 million in cash assistance payments for fiscal year 2013, which equated to a 5.8 percent reduction in TANF cash assistance payments and would reduce the average monthly TANF cash assistance payment for a typical family of three by \$21.16.
- Option 3 would provide General Fund appropriations of \$2.5 million in FY 2013 to fill the projected negative TANF reserve. If the Committee approved this option, it might wish to issue a Letter of Intent to the Division to report to the Interim Finance Committee prior to the beginning of FY 2013 concerning projected FY 2013 TANF revenues and whether any program reductions were required.

Senator Leslie commented that this subject had been explored in Subcommittee, and the agency had also talked to the Subcommittee about the past history with TANF money and what it believed was going to happen. While Senator Leslie was not particularly comfortable with option 1 she recommended that it be approved. She said the economy was improving somewhat, and, she hoped that trend was going to continue and ease some of the pressure on TANF. She further believed a Letter of Intent was needed.

SENATOR LESLIE MOVED TO APPROVE OPTION ONE AS RECOMMENDED BY THE GOVERNOR INCLUDING THE ISSUANCE OF A LETTER OF INTENT.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

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

* * * * *

Mr. Ferguson presented decision unit Maintenance (M)200, TANF caseload. The Executive Budget included overall funding of \$3.4 million in FY 2012 and \$2.2 million in FY 2013 to fund cash assistance payments for the projected increase in TANF caseload. Mr. Ferguson said, for comparison, the 2009 Legislature approved funding for a TANF caseload in FY 2010 of 25,873 average monthly recipients. However, the actual caseload totaled 29,084 for an increase of 3,503 monthly recipients, primarily because of the weak economy and its resulting effect on employment. The Executive Budget recommended TANF caseloads of 31,822 average monthly recipients in FY 2012 and 30,679 in FY 2013. According to Mr. Ferguson, based on recent caseload rejections, the projected caseloads had actually decreased in FY 2012 to 30,170, which was a decrease of 1,652 over the recommendation in The Executive Budget. For FY 2013, the caseload was projected to decrease to 29,688 average monthly recipients, a decrease of 991 cases from the earlier projections. Mr. Ferguson said the Budget Division had submitted Budget Amendment 344 to effectuate the caseload changes, and on page 15 in [Exhibit C](#), a table illustrated the actual 2010 TANF caseloads and the Governor's recommendation and reprojected amounts for FY 2012 and FY 2013. The dollar impact of the revised caseload projections resulted in a savings of \$403,789 in FY 2012, but an increase of \$408,519 in FY 2013. Fiscal staff pointed out the reason for the increase of TANF funding in FY 2013, despite the general caseload decrease, was that the higher cost caseloads were projected to increase while others that were less expensive were decreasing. Fiscal staff had reviewed the caseload projections provided by the Division and believed the projections were reasonable.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE REVISED
CASELOAD ADJUSTMENTS AS RECOMMENDED BY STAFF.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Bobzien and
Senator Cegavske were not present for the vote.)

Mr. Ferguson referred to major closing issue 3, TANF budget reductions. Because of the declining TANF reserves, and the fact that the TANF expenditures exceeded TANF revenues in both years of the biennium, significant reductions in TANF expenditures were included and recommended in The Executive Budget. There were five decision units that reduced or

eliminated existing programs and funding transfers from the TANF account. The reductions in those decision units assisted the agency in maintaining the cash assistance payments for eligible TANF recipients. Mr. Ferguson said those five recommendations combined reduced federal TANF Block Grant expenditures by \$12.37 million in FY 2012 and \$12.75 million in FY 2013. He noted that page 15 of [Exhibit C](#) contained a table entitled "Governor Recommended Reductions to the TANF Account 2011-13 Biennium," which summarized the five reductions.

The Governor recommended reducing the rate for kinship care payments from \$894, which was based on 90 percent of the foster care rate, to the nonneedy caretaker rate of \$427 and would reduce TANF Block Grant expenditures by \$1.68 million in FY 2012 and \$1.76 million in FY 2013. The Kinship Care program provided cash benefits for children living with relatives. The agency indicated this action would affect 501 children monthly in FY 2012 and 524 children monthly in FY 2013. Staff pointed out that in Budget Amendment 324, the Governor recommended adding General Funds of \$848,120 in FY 2012 and \$934,016 in FY 2013 to restore the kinship care payments to 75 percent of their current rate. Mr. Ferguson said, with the amendment, the average monthly kinship care payment would be approximately \$671, which was a decrease of \$223 from the current average level of \$894.

Mr. Ferguson outlined three possible options for consideration:

- Approve the Governor's original recommendation to reduce the rate for kinship care payment from \$894 to \$427.
- Approve decision unit E661 as amended by the Governor, which provided kinship care payments equal to 75 percent of the current benefit level by adding General Funds of \$1,782,136 over the biennium.
- Restore kinship care payments to the current level of 90 percent of the foster care rate which would require additional General Funds of approximately \$835,220 in FY 2012 and \$827,174 in FY 2013 over the amounts that were added through the proposed amendment.

Senator Leslie remarked that 75 percent was better than zero. The discussion in the Subcommittee had been that it did not want to eliminate the kinship care rate.

Assemblywoman Mastroluca commented that she would support option 2 with the payments at 75 percent. She agreed with Senator Leslie that 75 percent was not what was needed, but it is what the state could afford. She commented that she did not believe people realized the deal the state was getting when there were families willing to take in children instead of putting them in the foster care system. Assemblywoman Mastroluca maintained that the Kinship Care program saved the state a lot of money in the long run.

Senator Horsford commented that he was aware that the Joint Committee was again in the middle of very difficult decisions and he appreciated the predicament it was in. He said that primarily it was grandparents in his district who were raising those children, and if they were not placed in Kinship Care, the state paid more to place them in foster care. However, he said \$223 less for a grandparent who had taken over custody of a child was the cost of groceries or a utility bill. Senator Horsford said while he appreciated the Governor recommending 75 percent of the current benefit level rate be restored, if those grandparents could barely take care of those children now, how would they do it with a rate reduced by \$223. The Senator said that he could not vote to approve the reduction.

Assemblyman Hogan commented that it appeared to be another instance of lack of concern for motivating people to help themselves and help their families. He pointed out that the recipients of kinship care payments were people who had stepped up beyond their normal responsibilities and taken on heavy responsibility at an advanced age and under difficult circumstances. It seemed to Assemblyman Hogan that the state was harming the very people it was trying to help.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE
DECISION UNIT E661 AS AMENDED BY THE GOVERNOR TO
PROVIDE KINSHIP CARE PAYMENTS EQUAL TO 75 PERCENT OF
THE CURRENT BENEFIT LEVEL BY ADDING BACK GENERAL
FUNDS OF \$1,782,136 OVER THE BIENNIUM.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Atkinson and
Hogan and Senators Horsford and Parks voted no.)

* * * * *

Mr. Ferguson said that in decision unit E662, the Governor recommended eliminating the TANF Loan Program, which would reduce TANF Block Grant expenditures by approximately \$2.03 million in FY 2012 and \$2.34 million in FY 2013. The TANF Loan Program provided a monthly financial payment designed to meet a family's needs, such as food, shelter, and clothing until an anticipated future source of income was received. The most common benefit recipient was a household with an otherwise work-eligible recipient awaiting receipt of Supplemental Security Income (SSI). The program would serve an average of 524 families in FY 2012 and 604 families in FY 2013 with an average monthly benefit of \$316 if funding were completely restored. The Governor had provided Budget Amendment 347 which recommended adding General Fund of \$1,520,294 in FY 2012 and \$1,751,801 in FY 2013 to restore the TANF loan program to 75 percent of its current level. With the amendment, the Division indicated the program would serve an average of 390 additional families in FY 2012 and 450 additional families in FY 2013, at the same average monthly benefit of \$316, over the Governor's original recommendation.

Mr. Ferguson said options for consideration for decision unit E662 were as follows:

- Approve the Governor's original recommendation to eliminate the TANF Loan Program.
- Approve decision unit E662 as amended by the Governor, which reduced the TANF loan program to 75 percent of its current level by adding General Funds of \$1,520,294 in FY 2012 and \$1,751,801 in FY 2013.
- Restore the TANF Loan Program to 100 percent of its current level, which would require General Funds of \$2.03 million in FY 2012 and \$2.34 million in FY 2013.

Senator Leslie stated that on this add-back, the families that testified in Subcommittee would not be able to make the TANF work requirement. Those were families who were going to fail without TANF and become homeless. The Governor again listened and recommended that 75 percent of the funding be added back. Senator Leslie said her question was what happened to the other 25 percent of the families that would not be able to meet the TANF work requirements. She wondered whether 25 percent of those families were going to be homeless instead of 100 percent and said she did not understand what was going to happen with the other 25 percent.

Chairwoman Smith requested that someone from the Division of Welfare and Supportive Services testify before the Joint Committee.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (HHS), explained that the Division would be attempting to tighten the program to provide benefits to the families that would be eligible for the TANF loan, either through SSI or Workers' Comp, when the recipients were expecting a lump sum payment. He also said the Division could "tighten up" the documents to ensure a higher percentage of the payments be paid by the individual once the lump sum was received and also ensure that there really was a solid lump sum payment that was anticipated. The Division might also look at the TANF loan program to ascertain whether there was a two-year time limit on cash assistance. Mr. Gilliland believed if a two-year time limit was implemented as in other TANF cash programs that the Division could meet all of the requirements through the initial period with the 75 percent funding level.

Senator Leslie commented that Mr. Gilliland's testimony sounded as if he were saying that through program efficiencies the Division would be able to reduce the number of people served by weeding out some clients.

Mr. Gilliland explained that the reduction came more from being certain that each person who was provided a TANF loan opportunity fully understood the need to repay the TANF loan enabling the Division to collect a higher percentage of money than was being currently collected and thereby sustain the program at the 75 percent level.

Senator Leslie stated for the record that the Division was not going to be refusing people but putting more emphasis on repayment and using that money to continue the program to be able to serve 100 percent of those eligible for the loan, not just 75 percent.

Mr. Gilliland said that was correct. He added that during the application process, the Division would also ensure that there was a lump sum payment that would become available for the repayment.

Senator Leslie asked what process the Division currently used.

Mr. Gilliland explained that the Division verified the lump sum payment, but had not had a very high level of success with repayments. He said the Division needed to be sure with each and every client that they understood there was an expectation of repayment.

Senator Leslie stated that she did not disagree with Mr. Gilliland but wanted to make sure that those recipients were not being pushed out on the street. She added that she had not seen a Letter of Intent but believed the Joint Committee needed to monitor the program as there appeared to be a very thin line between success and failure.

Assemblywoman Carlton inquired about one of the efficiencies being a two-year time frame.

Mr. Gilliland responded that the TANF cash assistance programs were currently five-year programs where a person receiving cash assistance received benefits for two years, then had one year without assistance, and then two years with assistance. He believed the Division needed to adopt the same type of policy for the TANF Loan Program with two years of cash assistance similar to any other cash assistance program in TANF.

Assemblywoman Carlton commented that her concerns were with Workers' Comp claims where it could take longer than two years to receive payment.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNIT E662 AS AMENDED BY THE GOVERNOR, WHICH REDUCED THE TANF LOAN PROGRAM TO 75 PERCENT OF ITS CURRENT LEVEL BY ADDING BACK GENERAL FUNDS OF \$1,520,294 IN FY 2013 AND \$1,751,801 IN FY 2013, AND ALSO INCLUDE A LETTER OF INTENT.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton voted no.)

Mr. Ferguson said decision unit E663 recommended reducing TANF Block Grant funding provided by the Division to social services subcontractors by 50 percent, which reduced TANF Block Grant expenditures by \$694,544 in each year of the biennium. The subcontractors provided social service benefits to TANF recipients with substance abuse and domestic violence problems to assist the recipients in overcoming barriers to self-sufficiency. The agency indicated that in FY 2010, 372 clients received benefits from social services subcontractors at an average of \$3,734 per client. Mr. Ferguson said this recommendation would not reduce the per client cost, but would reduce by

approximately one-half the number of clients served from 372 clients to 182 clients.

Mr. Ferguson said options for consideration were as follows:

- Approve the Governor's recommendation to reduce TANF Block Grant funding provided by the Division to social services contractors by 50 percent.
- Consider adding back General Funds of up to \$694,544 in each year of the biennium to restore funding for subcontractors to the current expenditure level.

In response to a question from Senator Horsford, Mr. Ferguson said he did not have a list of the subcontractor agencies but believed the Division could provide that information.

Mr. Gilliland said that typically the subcontractors were domestic violence shelters, as well as community partner substance abuse resources.

Senator Horsford asked whether the Division would turn away 182 victims of domestic violence or individuals who were receiving substance abuse aid by denying funding to agencies that provided assistance under this recommendation.

Mr. Gilliland explained that the Division would refer those individuals to shelters. He further explained that in any given year the Division might not necessarily have funding for 100 percent of the referrals, but the shelters had encouraged the Division to continue to refer those clients to the shelters even if there was no funding for the shelter's particular use.

Senator Horsford asked why the Division had settled on the 50 percent reduction level.

Mr. Gilliland replied that the Division had decided it was important to provide some level of funding to the community partners and to provide the ability for the community partners to maintain operations; therefore, 50 percent had been identified as the funding that would accomplish that objective.

Mike Willden, Director, Department of Health and Human Services (DHHS), commented that he wanted to make sure that the Committee understood that TANF was not the sole source of funding for the domestic violence shelters.

While TANF was an important source of funding for the shelters, they also received money from the marriage license revenue source, from Title XX, and from other funding sources.

Senator Leslie said she recalled testimony in the Subcommittee meeting that some of the rural domestic violence shelters were at risk because their budgets were very thin.

Mr. Willden replied that the Senator was correct. There had been discussion that there were some shelters at risk and which could not provide all the services that were usually offered. He said there were a host of services offered which included providing shelter bed nights, going to court with domestic violence victims, and aiding in procuring restraining orders; the loss of funding would require scaling back services. Mr. Willden said TANF had been a fragile funding mechanism for about four or five years. The Division had dealt with the decreasing marriage license funds by bringing in TANF dollars, Title XX funding, and special General Fund appropriations. He said it had been difficult finding a secure funding mechanism for the domestic violence organizations for at least five years.

Senator Leslie said she was aware the Division had looked everywhere for the money to keep the system in place. She believed this was another example where the state was not just cutting back, it was cutting out, and there was a potential disaster if you were that woman out there in a rural county needing help.

Mr. Willden addressed Senator Horsford's question of "why 50 percent?" He explained that when the Division considered where the cuts would be needed, or what recommendations would be made in the TANF budget, this specific funding area was cut deeper than others specifically because the domestic violence shelters had other funding opportunities.

[The Chairwoman indicated the Committee would return to decision unit E663 later in the meeting.]

Continuing, Mr. Ferguson said the Governor recommended the elimination of all transfers of TANF funds to other state programs within the Department of Health and Human Services in decision unit E664. Combined, the reductions reduced TANF Block Grant expenditures by \$7.14 million in each year of the biennium. The transfers recommended to be eliminated were as follows:

- \$3.3 million annually to the Division of Child and Family Services (DCFS) for child welfare case management and protective services.
- \$1.7 million annually to Mental Health and Developmental Services (MHDS) for rural clinics.
- \$1.1 million annually to MHDS for autism.
- \$754,063 annually to the Department's Director's Office for use as Title XX funds in the Grants Management Unit.
- \$307,849 annually to the Health Division for rural counties.

During the budget hearing, the agency indicated that the transfers of these TANF funds to other agencies within the Department were implemented in years where there was an ample TANF Block Grant reserve, and the transfers served to enhance those agencies and programs. However, with the TANF reserves projected to decline to zero, the Governor recommended discontinuing those transfers. Mr. Ferguson pointed out that the effects that the reductions would have on various accounts and programs had been discussed previously in budget hearings, work sessions, and closings of the respective accounts.

SENATOR LESLIE MOVED TO APPROVE DECISION UNIT E664 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton was not present for the vote.)

Mr. Ferguson said that in decision unit E665, the Governor recommended eliminating the transfer of TANF Block Grant funds for county emergency assistance child protection programs in Clark and Washoe Counties. Eliminating the transfer would reduce TANF block grant expenditures by \$817,498 in each year of the biennium with Washoe County losing \$439,086 and Clark County losing \$378,412 in each year of the biennium. Fiscal staff pointed out that the 2009 Legislature approved the Governor's recommendation to reduce TANF transfers to these counties by \$3.6 million in each year of the biennium, but in the 26th Special Session (2010), the Legislature reduced the transfer to Clark County by \$378,413 in FY 2010 and then eliminated all transfers to both counties for FY 2011. In the current fiscal year, the counties were receiving no funds.

SENATOR CEGAVSKE MOVED TO APPROVE DECISION UNIT E665 AS RECOMMENDED BY THE GOVERNOR WHICH WOULD ELIMINATE THE TRANSFER OF TANF BLOCK GRANT FUNDS FOR COUNTY CHILD PROTECTION PROGRAMS IN CLARK COUNTY AND WASHOE COUNTY.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Ferguson explained that decision unit E690 concerned the annual TANF Block Grant of approximately \$44 million in each year of the biennium that Nevada received. However, as a condition to receive those funds, federal regulations required the state to contribute General Funds as a maintenance of effort (MOE), and that contribution was currently equal to \$27.1 million in each federal fiscal year. Mr. Ferguson said \$24.5 million was recommended in this TANF budget and \$2.6 million was recommended in the Child Assistance and Development budget, which was counted as MOE for both TANF and child care.

Mr. Ferguson advised that decision unit E690 would defer \$6.2 million of the state's General Fund MOE contribution for federal fiscal year (FFY) 2012 until the first quarter of state FY 2013; that amount plus another \$7.1 million in General Fund MOE contribution for FFY 2013 would be further deferred to the first quarter of state FY 2014. This deferral was possible because of the three-month timing difference between the state and federal fiscal years. The full payment of \$27.1 million would be realigned with each federal fiscal year, but the General Fund MOE contribution would be only \$20.9 million in state FY 2012 and \$20 million in state FY 2013, resulting in a one-time-only General Fund savings of \$13.3 million over the 2011-2013 biennium. In subsequent fiscal years, the Division would be required to provide approximately one-half of the General Fund MOE in the first quarter of each state fiscal year (which corresponds with the final quarter of each FFY) with the balance of the General Fund MOE contribution made in the remaining quarters of each fiscal year. As a result, the General Fund MOE requirement would once again be \$27.1 million in each state fiscal year for all future biennia.

Mr. Ferguson said the agency had also indicated that based on some of the potential add-backs in this account, it might not need to defer quite as much as recommended in the budget, but to be sure, staff would recommend that this be

approved as recommended by the Governor. The decision unit appeared to be reasonable.

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNIT
E690 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Ferguson said in decision unit E737, as originally proposed in The Executive Budget, the Governor recommended a General Fund appropriation of \$6 million in FY 2012 and \$4 million in FY 2013 for the Silver State Works (SSW) program which was a plan to increase employment outcomes for the state's TANF client population. The program was a collaborative effort between the Department of Employment, Training and Rehabilitation (DETR) and the Welfare Division. The objective was to enhance Nevada's economy by expanding the total number of jobs in the state, increasing the working population through the use of employment incentives, on-the-job training, the community work experience program, and targeted training. During the March 18, 2011, budget hearing the agency indicated that the entire General Fund appropriation would be used to reimburse employers for costs associated with providing employment for TANF and TANF at-risk clients.

According to Mr. Ferguson, the employers could use the reimbursements to pay for costs associated with on-the-job training, equipment, fees, and other items of that nature. The program would also require that all work-eligible individuals develop and participate in a personal responsibility program which would address the entire family, including such items as school attendance, medical care, and immunizations.

Mr. Ferguson noted that during the budget hearing, the Subcommittee expressed concern that the employers could potentially take advantage of the program by releasing program recipients immediately after employment subsidies expired. The Subcommittee was also concerned that employers would lay off current employees and instead hire SSW program participants. In response, the Division indicated that the contracts for the SSW program would require a commitment from the employer that the position created for the participant was intended to be permanent. The Division was also exploring the feasibility of including language in the contracts stating that the employer's

participation in the program must not result in the elimination or reduction of an established employee's hours, wages, or benefits. Mr. Ferguson said the Division had indicated that the employer's incentives would likely be paid over a four- to six-month training period with a pay structure that encouraged job creation and job longevity. The incentives were envisioned to range from \$1,000 to as high as \$5,000 for participants with significant and multiple employment barriers to employment.

Mr. Ferguson pointed out that through Budget Amendment 352, the Governor recommended reducing General Fund appropriations for the SSW program from a total of \$10 million over the biennium to \$2 million or \$1 million in each year of the biennium. The Division had indicated to Fiscal staff that it would continue to operate the SSW program as previously indicated; however, with the limited funding the Division would operate the program in selected geographically challenged areas. According to Mr. Ferguson, the limited program would be designed to provide a meaningful pilot with program performance metrics intended to measure the effectiveness of the program as it related to creating sustainable employment outcomes and reduced family dependence on TANF cash benefits.

Senator Leslie commented that in Subcommittee the focus was on the human services component of SSW. There was a lot of concern about the program being a way to subsidize employees for business, and a lot of concern was expressed about laying off unsubsidized workers, hiring subsidized workers, and then when the subsidy ended there would still be no job. Senator Leslie referred to page 18 of [Exhibit C](#) where it stated that the SSW program was not going to include a child care component because the Division provided child care assistance through the existing Child Assistance and Development Program. The Senator pointed out there had been approximately a 62 percent reduction in General Fund support for child care. She submitted that a better use of funds would be to put them into child care which was preventing many people from getting a job; they either could work because they had no help with their child care or they left their children at home or with unsuitable caregivers, and the state ended up with more children in the child welfare system. Senator Leslie stated she could not support Silver State Works.

Chairwoman Smith clarified that the motion to be considered was to not approve the Governor's recommendation for \$2 million of General Funds in decision unit E737.

Assemblyman Hogan observed that, in his opinion, the Joint Committee was unwittingly participating in a kind of "language tsunami." He believed that

people had had the concepts that they were raised with so altered, so modified, and so subjected to economic tests, that very meaningful terms had been eliminated. He said what was now presented was a revision of the concept of family values, and this funding was an opportunity to express the state's serious concern about maintaining families and about maintaining the kind of benefits that helped families stay together and successfully raise their children. He said he believed it was destructive to the state and society, and he could not support some of the unacceptable cuts.

SENATOR LESLIE MOVED THAT THE COMMITTEE NOT APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E737 FOR \$1 MILLION IN EACH YEAR OF THE BIENNIUM FOR THE SILVER STATE WORKS PROGRAM

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hambrick, Hardy, Hickey and Senators Cegavske, Kieckhefer, and Rhoads voted no.)

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Mr. Ferguson reminded the Joint Committee that on page 16 of [Exhibit C](#), no action had been taken on item C, decision unit E663 to reduce funding for subcontractors by 50 percent.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE DECISION UNIT E663 TO REDUCE FUNDING FOR SUBCONTRACTORS BY 50 PERCENT AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin, Hogan, and Mastroluca and Senators Horsford, Leslie, and Parks voted no.)

BUDGET CLOSED.

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HUMAN SERVICES

WELFARE AND SUPPORTIVE SERVICES

HHS-WELFARE-CHILD ASSISTANCE AND DEVELOPMENT (101-3267)

BUDGET PAGE DHHS DWSS-42

Jeffrey A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), referred to page 26 of [Exhibit C](#) for major closing issues in budget account (BA) 3267. The Governor recommended reducing the General Fund appropriations for this account by 69.2 percent from the 2009-2011 legislatively approved level of \$16.9 million to \$5.2 million for the 2011-2013 biennium. General Funds in this account had historically been used to match federal grants and to provide a portion of the TANF Block Grant maintenance of effort (MOE) requirement of \$2.6 million annually. In decision unit Enhancement (E) 660, the Governor recommended reducing the General Fund appropriation to the minimum MOE amount, which was \$2.6 million in each year and to use the certified matching funds in lieu of General Fund as the state's portion in matching federal funds. Mr. Ferguson explained that certified matching funds consisted of qualifying expenditures from both private and public community partners. In the 2007-2009 biennium the Division used a similar approach to reduce General Fund appropriations by \$2.6 million.

Mr. Ferguson said the Division had indicated that the long-term use of certified match to offset General Funds might be problematic because there was a limited pool of external agencies from which to draw certified matching funds, and the funds could fluctuate from year to year. In addition, if a certified match was not available, the Division's ability to draw all of the available federal funds would be affected. The Division indicated during the budget hearing that each dollar of certified match used in lieu of General Funds reduced spending authority by an equal amount. The Division had indicated that this recommendation would have an effect on the number of children served and would result in extended waiting lists. The agency had determined that if decision unit E660 was approved it would result in a monthly average of 1,111 eligible children that would go unserved in fiscal year (FY) 2012 and a monthly average of 1,515 eligible children who would go unserved in FY 2013. However, the Division had indicated that all Temporary Assistance for Needy Families (TANF) NEON (New Employees of Nevada) and all TANF at-risk clients would be served. The clients that would not be served would come from the discretionary population which generally consisted of families with incomes between 131 percent and 250 percent of the federal poverty level.

Mr. Ferguson noted the Division had provided updated caseload information to staff that identified some changes in the projected number of children served. Mr. Ferguson referred to the table, Updated Child Assistance Caseload Projections, on page 27 of [Exhibit C](#) that illustrated those projections. He said the top line referred to NEON projections which had decreased from what was recommended by the Governor for FY 2012 from 1,893 to 1,720 and in FY 2013 from 1,890 to 1,723. However, Mr. Ferguson pointed out that the at-risk projections increased from 4,876 to 5,311 in FY 2012 and 4,396 to 4,788 in FY 2013. While the projections showed a slight decrease in NEON, there was an increase in at-risk projections and all clients would be served.

Mr. Ferguson said discretionary projections showed served and unserved. The Governor's recommendation originally would have served 327 clients in FY 2012, but the number of discretionary served would go down to 164 in FY 2012. In FY 2013 the original Governor's recommendation was 670 clients, which had been reprojected to 519. The discretionary unserved, essentially the waiting lists, would not receive any subsidies for child care. Mr. Ferguson noted that the Division had provided information that indicated approximately 295 additional children in the discretionary category could be served for every \$1 million of revenue that was added to the Child Assistance and Development account.

Mr. Ferguson explained that options for consideration would be to approve decision unit E660 as recommended by the Governor, which reduced General Fund appropriations in BA 3267 account by about \$5.9 million in each year of the biennium. Approval of that option would leave the General Fund MOE at the minimum level required by the federal government. Approval of option 2 would allow the Joint Committee to add-back General Funds that would allow 295 additional children from the discretionary population to be served per year for each \$1 million of General Fund that would be added.

Assemblywoman Mastroluca commented that these types of programs put people back to work. Clients were given the tools that were needed and part of those tools was child care. She said the population that was going to be served included families with incomes between 131 percent and 250 percent of federal poverty, and the state could not continue to ignore those families and not provide them assistance. She said the money that was not spent on the Silver State Works program would be best spent on program add-backs in decision unit E660.

Senator Horsford remarked that while he supported the add-back, he wanted to add a different angle. Approving the add-back would place children in private

child care with private providers, which would ensure that there was adequate payment to private child care providers run by small business owners.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE
DECISION UNIT E660 BUT ADD BACK \$1 MILLION IN
GENERAL FUNDS IN EACH FISCAL YEAR THAT WOULD ALLOW
295 CHILDREN FROM THE DISCRETIONARY POPULATION TO BE
SERVED.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady,
Hambrick, Hardy, Hickey, and Kirner voted no.)

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Mr. Ferguson referred to other closing items in BA 3267 and said decision unit E490 eliminated federal American Recovery and Reinvestment Act of 2009 (ARRA) funds of \$8.38 million in each year of the biennium.

Decision unit E607 eliminated the vacant developmental specialist 3 position that was associated with the closure of the Northern Professional Development Center, which had been approved by the Committee. Mr. Ferguson said this recommendation appeared reasonable to Fiscal staff.

Decision unit E710 recommended federal funds for replacement computer hardware and software in accordance with the replacement schedule of the Department of Information Technology (DoIT).

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE
DECISION UNITS E490, E607, AND E710.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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HUMAN SERVICES

WELFARE AND SUPPORTIVE SERVICES

HHS-WELFARE-ENERGY ASSISTANCE PROGRAM (101-4862)

BUDGET PAGE DHHS DWSS-49

Mr. Ferguson said the last budget account for the Division of Welfare and Supportive Services was on page 29 of [Exhibit C](#), the Energy Assistance Program, budget account 4862. The Executive Budget, in decision unit Enhancement (E) 600, recommended decreases in funding of \$11.2 million in each year of the biennium from federal Low Income Home Energy Assistance (LIHEA) grant funds. The recommendation reflected Nevada's anticipated share of the nationwide decrease in available federal LIHEA funds. The recommendation also decreased funding from the universal energy charge (UEC) of \$239,712 in fiscal year (FY) 2012 and \$265,387 in FY 2013. The decrease was based on projected decreases in revenue by the Public Utilities Commission of Nevada (PUC). The reductions in this decision unit were recommended to allow the Division to remain within existing levels of funding.

Mr. Ferguson said the Joint Committee should note that the average energy assistance payment was projected to decrease from \$915 in FY 2012 to \$732 in FY 2012 and FY 2013. Because of the funding reductions, 11,184 eligible households would be unserved in FY 2012 and 11,331 would be unserved in FY 2013. Decision unit E600 also contained corresponding reductions in contract services of \$330,613 in each year of the biennium and reduced contract staff and clerical positions.

Mr. Ferguson recalled that during the March 18, 2011, budget hearing, the Division indicated that based on federal budget figures, the availability of federal LIHEA funds might be reduced from the levels that were contained in The Executive Budget. The Division had provided staff with information indicating that currently \$7.1 million in federal LIHEA funds would be available in FY 2012 compared to the \$9.8 million that was recommended in The Executive Budget, and \$4.2 million would be available in FY 2013 compared to the \$9.5 million that was recommended in The Executive Budget.

Mr. Ferguson said the Division had indicated that LIHEA funding fluctuated significantly from year to year, and the amount that would be available to Nevada was still unclear. The Division had indicated that, typically, the federal government provided significant supplemental grants within a federal fiscal year, and there was a reasonable possibility that the actual LIHEA funding in FY 2012 and FY 2013 would approach the levels represented in The Executive Budget. When asked by Fiscal staff how the Division would manage the potential

decrease in LIHEA funding, the Division indicated that it had considered several options in consultation with the Energy Advisory Committee. Accordingly, a public hearing was held in December 2010 to adopt options that would provide flexibility to the Division if it were required to reduce the benefits to align them with available resources. Those options included:

- Temporarily suspend the transfer of 5 percent of the LIHEA grant funds to the Housing Division.
- Provide administrative flexibility to change the benefit cap to reduce the average Energy Assistance Program benefit to no less than \$456 annually per household.
- Provide the Administrator flexibility to limit arrearage assistance to only those households with a family member that is aged, disabled, or under six years old.

Mr. Ferguson said the Division had provided information to staff that indicated if the 2011-2013 budget were reduced to include only the currently known federal LIHEA funding amounts, it would require reducing the LIHEA grant revenues by approximately \$2.3 million in FY 2012, with corresponding reductions in client payments of about \$2 million and operating expenditures of approximately \$67,000. For FY 2013, the LIHEA grant would be reduced by approximately \$5.3 million, with corresponding reductions in client payments of approximately \$5.1 million and operating expenditures of approximately \$168,000. Under this scenario at the current client payment level of \$732, the Division estimated an additional 3,688 families would be unserved in FY 2012, with an additional 7,650 families unserved in FY 2013.

Mr. Ferguson noted that during the March 18, 2011, budget hearing, the Division expressed a desire to not change the funding and the associated benefit levels as represented in The Executive Budget despite the possibility that federal LIHEA grant funds might come in less than the amounts that were depicted in The Executive Budget. Mr. Ferguson said the Division indicated that leaving the revenue expenditure levels as recommended by the Governor would allow them flexibility to respond quickly if there were any increases in federal funding that could occur during the fiscal year; he said it would optimize the number of eligible households that could be served in a timely manner. If the budget were reduced to the current known LIHEA grant funding level, the Division indicated that any positive changes resulting from increased federal funding would be delayed because of the possibility of having a public hearing. In addition, the time it would take the agency to appear before the Interim Finance Committee (IFC) and augment their budget to receive those federal funds was a factor.

Mr. Ferguson said options for consideration were:

- Approve the Energy Assistance Program account as recommended by the Governor. If the Committee approves this option, it may wish to consider issuing a Letter of Intent to the Division to report to the Interim Finance Committee (IFC) semiannually during the biennium regarding the current status of the Energy Assistance Program, including updates on the amount of federal LIHEA grant funds that will be received by the state and whether any program adjustments will be implemented because of LIHEA revenues falling short of the levels recommended by the Governor.
- Approve the Energy Assistance Program account with reductions in federal LIHEA revenues and expenditures to the levels currently known which would be LIHEA funds of \$7.1 million in FY 2012 and \$4.2 million in FY 2013. This option would require reductions in client payments of about \$2 million and operating expenditures of approximately \$67,000 in FY 2012, and reductions in client payments of about \$5.1 million and operating expenditures of approximately \$168,000 in FY 2013. At the current client payment of \$732, the Division estimates an additional 3,688 families would be unserved in FY 2012, with an additional 7,650 families unserved in FY 2013.

SENATOR KIECKHEFER MOVED TO APPROVE THE ENERGY ASSISTANCE PROGRAM ACCOUNT AS RECOMMENDED BY THE GOVERNOR INCLUDING A LETTER OF INTENT.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Jeff Ferguson said decision unit E710 recommended funding for replacement computer hardware and software in accordance with the Department of Information Technology (DoIT) replacement schedule.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE DECISION UNIT E710 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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HUMAN SERVICES

HEALTH DIVISION

HHS-HD-EARLY INTERVENTION SERVICES (101-3208)

BUDGET PAGE DHHS HEALTH-41

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 3208, Early Intervention Services (EIS), with two major closing issues. The first major closing issue was the base budget shortfall and caseload, which continued to grow. During the 2009 Session, the Legislature approved funding in the amount of \$2.8 million in fiscal year (FY) 2010 and \$4.9 million in FY 2011 to eliminate the waitlist, which was projected at 669 children. A 2009 Letter of Intent directed the Health Division to provide status reports every six months on the waitlist for the Early Intervention program. Using the Health Division's reports and The Executive Budget, Fiscal staff had compiled a chart on page 3 of [Exhibit D](#), "Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #23," which displayed various EIS caseload projections at different points in time. Ms. Byers pointed out that since the Subcommittee hearing, the fiscal year 2010 caseload projections had been updated based on the latest projections from the state demographer, which had estimated the state population was not declining as originally projected.

Ms. Byers said since the initial budget hearing on March 16, 2011, Fiscal staff had completed an analysis of the caseload projections and the methodology used to project caseload, as well as the methodology used to determine the dollar amount needed to serve the caseload. It appeared to Fiscal staff that the Governor's recommended budget for this account was derived based on total projected caseload, multiplied by a blended reimbursement rate that was paid to community providers. The blended rate was used for both caseload served by state staff and caseload served by community providers. The method used to calculate the funding needed for caseload was not consistent with prior biennia. In the Governor's recommended budget, quarterly caseload averages were used, and a blended rate was used rather than separate reimbursement rates for Medicaid and non-Medicaid children. Ms. Byers said consideration was not given to the caseload state staff could serve and their costs compared to the caseload for community providers and the amount paid to the community

providers based on the contracts the Health Division had with them. The cost per child for community providers was different than those for children served by state staff. Ms. Byers stated costs in the budget also included other services provided to children that were not part of the caseload for the IDEA Part C program. She referred to page 4 of [Exhibit D](#), which provided a list of those services.

According to Ms. Byers, it should also be noted that the community providers were contracted to provide services for a maximum caseload based on their staffing levels. The EIS office kept track of children entering and exiting the program, and on a weekly basis children were referred to community providers as placement (slots) became available. However, if all slots for community providers were filled and the EIS program was at capacity, the child was put on a waitlist which was identified as a "State Waitlist." Ms. Byers explained community providers never had a waitlist because the EIS staff kept the list of all children waiting for services at the state level until such time as either a community provider slot or a state slot became available.

Ms. Byers said she would explain the base budget shortfall calculations. The Executive Budget recommended a total budget for FY 2012 of \$22.8 million, including caseload growth, in decision unit Maintenance (M) 200, which was only an \$844,071 increase over FY 2010. The work program for FY 2011 totaled \$25.8 million, which was higher than the amounts recommended for both FY 2012 and FY 2013. The amounts recommended in The Executive Budget included caseload growth for FY 2012 and FY 2013. Fiscal staff had originally projected a General Fund shortfall of \$11.6 million over the 2011-13 biennium. Ms. Byers said the \$11.6 million shortfall was based on EIS staff providing services for a base caseload of 1,717 children, which was the number of children being served during the current biennium. However, fewer children were being served by state staff in the current biennium because of the mandated furloughs and because state staff was focusing on both the elimination of the waitlist and a backlog of compensatory services. With the reduction in furloughs and the elimination of both the waitlist and reduction in compensatory services, the agency had indicated a 23-to-1 staffing ratio was adequate and comparable to other states' staffing ratios for their EIS programs. Ms. Byers said the staffing ratio appeared reasonable to Fiscal staff for the 2011-13 biennium, and furthermore, Fiscal staff was now using a base-budget caseload of 2,048 children for state staff.

Page 5 of [Exhibit D](#) contained a chart, which included Fiscal staff's calculations for the base budget and the resulting General Fund shortfall estimated at

\$3.2 million in FY 2012 and \$3.5 million in FY 2013. Ms. Byers commented that the agency had identified some efficiencies that could be implemented, and Fiscal staff had identified other savings that the Committee might consider in offsetting the General Fund shortfall. The identified efficiencies and other savings would reduce the General Fund shortfall to \$1.3 million in FY 2012 and \$2 million in FY 2013.

According to Ms. Byers, one of the efficiencies the agency identified included providing services to children using a clinical model, rather than in the home, which would reduce the number of hours in contract services and travel expenses totaling \$974,666 in each year of the 2011-2013 biennium. The agency would serve children in a clinic setting instead of traveling out to the home for every visit, and the agency would develop policies to determine which children would receive services in the home because of transportation challenges or because they were medically fragile. Other savings Fiscal staff had identified included a reduction in the Health Division's cost allocation totaling \$443,681 in FY 2012 and \$464,649 in FY 2013 and, in addition, a refund in the amount of \$337,531 for fiscal year 2012 from an overpayment that occurred in FY 2010 for the Health Division's cost allocation.

As a result of the elimination of the waitlist and of compensatory services that were owed to a child for services included in their IFSP (individualized family service plan) that could not be provided in a timely manner, state staff would be able to take on a bigger caseload. As indicated earlier based on the agency's recommended 23-to-1 caseload ratio Fiscal staff's calculations included increasing the caseload for that ratio. Ms. Byers said the change would result in a decrease in the current caseload cap for community providers from 1,086 children to 917 children effective July 1, 2011. The agency indicated that it had been in contact with the community providers and was not referring children to the community providers to bring the cap down to 917 children by July 1, 2011. This change had also resulted in a reduction in cost; however, the caseload growth included in decision unit M200 would be allocated to the community providers with the revised caseload projections. The community provider cap would increase to 1,193 children by the end of FY 2012 and to 1,409 children by the end of FY 2013.

The Executive Budget was based on the older caseload projections, and as indicated, Fiscal staff asked the agency to provide updated caseload projections. The updated caseload projections were higher than the numbers included in The Executive Budget. Ms. Byers said for FY 2011, the recommended budget included 2,895 IFSPs and the revised projections totaled 2,965 for an increase of 70. For FY 2012, caseload was projected to increase by 276, for an

additional 43 children over the number recommended in The Executive Budget, and for FY 2013, the caseload was projected to increase by 216 resulting in a decrease of 8 children from the currently budgeted figure. Based on the updated caseload projections, \$962,236 was needed for caseload growth compared to the \$1,037,043 recommended in The Executive Budget for FY 2012, and \$2,809,466 was needed in FY 2013 compared to the \$2,786,280 recommended in The Executive Budget.

Ms. Byers continued by noting that Fiscal staff's calculations for the total required funding in this account, using the updated caseload projections for decision unit M200, was \$25.9 million in FY 2012 and \$27.9 million in FY 2013, which, as indicated earlier, represented an approximate \$3.1 million General Fund shortfall in FY 2012 and a \$3.5 million General Fund shortfall in FY 2013. Ms. Byers referred to page 7 of [Exhibit D](#) that provided a chart illustrating the shortfall calculations which assumed the state would serve more of the total caseload, but did not assume any other service efficiencies. The chart showed the dollar amounts for contract services of \$949,666 each year, travel expenses for \$25,000 each year, and the savings from the cost allocation. With the efficiencies identified and the caseload growth for state staff, the net General Fund shortfall would be approximately \$1.3 million in the first year of the biennium and \$2 million in the second year of the biennium.

Ms. Byers said the Joint Committee might wish to issue a Letter of Intent to the Health Division directing it to form a group of employees normally assigned to develop caseload projections, including a representative from the Budget Division, a representative from the LCB Fiscal Analysis Division, and an IDEA Part C staff representative from the Aging and Disability Services Division, and fiscal staff from the Health Division. This group would be established to analyze the methodology used to project caseload and to develop written procedures including variables and rationale for adding a percentage of referrals to the projected caseload. In addition, the group would determine and document a reasonable methodology that would be used consistently to calculate the budget for caseload for the EIS program.

Ms. Byers commented that the Health Division should also reevaluate the amounts that were reimbursed to the community providers to determine whether those amounts were appropriate, as done in a rates study. If the amount of recommended funding in The Executive Budget was approved, Fiscal staff believed that a growing waitlist would persist into the upcoming biennium. Maintaining a list of children waiting longer than 30 days to receive all services on their IFSP was a risk for the EIS program because parents might seek intervention services elsewhere, and EIS would be required to reimburse

the parents for compensatory services. According to Ms. Byers, if the projected shortfall, including the identified savings, was not funded, the number of children who would not be served would total approximately 189 children in FY 2012 and approximately 287 children in FY 2013.

Ms. Byers presented four options for the Joint Committee's consideration:

- Option A would approve the Governor's recommendation for decision unit M200 for caseload growth to add \$1.04 million in FY 2012 and \$2.79 million in FY 2013.
- Option B would approve the funding required by the updated caseload projections totaling \$962,236 in FY 2012 and \$2,809,280 in FY 2013 and give Fiscal staff authority to make adjustments to use the savings projected as a result of efficiencies the agency had identified. This option would result in a deficit of \$1.3 million in FY 2012 and \$2 million in FY 2013 with approximately 189 unserved children in FY 2012 and 287 unserved children in FY 2013.
- Option C would use the revised projected caseload but add back the additional \$3.4 million in General Funds to fund 100 percent of the projected caseload.
- Option D would add back \$5.3 million and retain the in-home model that the Health Division was currently using to provide services and not the agency proposed clinical model.

Senator Leslie thanked Fiscal staff for preparing such a comprehensive and understandable closing report. She asked the agency whether it agreed with Fiscal staff's analysis, especially when concerning the waitlist because there had been contention about the state waitlist compared to the private provider waitlist. She quoted page 4 of [Exhibit D](#), "Community providers never have a waitlist because the state EIS staff keeps all children waiting for services at the state level until such time as either a community provider slot or a state slot becomes available." Senator Leslie requested that a representative from EIS respond to that quotation and explain what a "slot" really meant.

Richard Whitley, Administrator, Health Division, Department of Health and Human Services (DHHS), commented that it was important to distinguish between the waiting list types: there was no wait experienced by the private providers for the initial IFSP. The initial service or treatment plan had no private providers or children waiting for that part of the service. Mr. Whitley said the

waiting occurred once the treatment plan was in place for the services that were provided, such as speech therapy. Waiting was occurring on the state side because of challenges with finding speech therapists and contracting with them. He said currently the list was down to 33 children waiting for speech therapy, and the agency anticipated not having a waiting list at all by June, 2011. Mr. Whitley explained that when children were referred to the private sector, it was his understanding that Easter Seals has had some of the same challenges as the state with finding some therapists, and some children had to wait for their individual therapies. He reiterated that no child in the private sector had waited to receive an IFSP and get an initial treatment plan developed.

Senator Leslie commented that it was important to get that statement on the record. She further asked about the caseload projections: what the problem was, what the proposed remedy was with the Letter of Intent, and whether Mr. Whitley agreed with the proposed remedy.

Mr. Whitley said he agreed with the amount of detail that had gone into the closing report ([Exhibit D](#)) and with the analysis of the service system and the models used. He said in the 2009 Session, the additional monies that EIS received were dedicated to the private sector, which introduced a new model. Mr. Whitley did not believe historically that the agency had performed well in analyzing how dollars were spent on the state model, and he believed the Letter of Intent to meet as a team to detail the variables for the cost to serve the children was a good idea.

Mr. Whitley said another learning experience for the agency was when it initially pulled out the autism piece, which was the first time a particular disability had been examined to determine what the costs were for that disability. He believed another important factor to consider in the Letter of Intent was that some disabilities were more costly. There was a core cost that many of the children with disabilities experienced, but some with disabilities such as Down syndrome or autism had additional costs because they had unique therapies attached to them.

Mr. Whitley opined that examining costs further would help the agency, and he did not want to use language like state versus private because the goal was to serve children. He said because the agency could not demonstrate that it could provide services adequately with the state model, that deficiency opened the door to the private sector, and it was working. While it was a tragedy that 33 children were waiting for speech therapy, compared to the hundreds of

children who had been waiting, the agency had made progress. He said now the agency needed to go back and examine the program for quality and cost.

Senator Leslie commented that the cost from the private sector should be gathered as well because she was convinced that all those costs had been presented as well as the public sector costs. She said she supported the Letter of Intent in that area. As to the decision today, she said it appeared as though there would be a shortfall of \$3.4 million if all children who were going to need services in the next two years were to be served.

Mr. Whitley replied that based on the work done by Fiscal staff, there were more efficiencies that could be built-in on the state side. It was mentioned that the proposal was to look at not a complete clinic-based model, but a hybrid, and the developmental specialist would still go to the home. He mentioned that there was an approximate 15 percent "no-show," where the family was not at home when the therapist showed up that was very costly because EIS paid for the travel time of the therapist as well as the designated therapy time. Mr. Whitley stated it was not a unique model because many states performed the clinical services in a clinical setting with the developmental specialists translating those therapies into the home. He said that would be the model the agency was considering, and he believed that would result in savings and efficiencies.

Senator Leslie said she agreed and believed the hybrid model was a good plan to try. She referred to option C on page 8 of [Exhibit D](#) and said that the \$3.4 million add-back was based on those efficiencies being implemented.

Ms. Byers replied that was correct. The clinical model would save \$974,666 per year, and those savings would be needed to offset part of the shortfall. There was still a \$3.4 million shortfall after the savings were included.

Senator Kieckhefer asked whether when the budget was built, it was built with the idea of fully funding the program so there was no waiting list. He asked whether the funding gap was because the caseload was miscalculated.

Mr. Whitley commented that Fiscal staff had raised other factors that historically were not factored into the actual cost of the state service. The early intervention sites were also reviewed for the newborn hearing and newborn screening follow-up. When the EIS budget was built in the last legislative session, it was calculated with the total cost of early intervention. Mr. Whitley said he believed that was a factor in the cost for the state to provide service.

There had been some initial disagreement with the Fiscal staff analysis, but EIS had built the budget to serve all the children with the caseload that was projected at the time.

In response to a question from Senator Kieckhefer, Mr. Whitley said he agreed with the current caseload projections.

Assemblyman Bobzien said he wanted to take the discussion a step further. He said he remembered distinctly when this information was first presented at the start of session that it was an element of good news in the Governor's budget, and there was an accounting for the caseload growth which the budget reflected. Assemblyman Bobzien said he would like to hear from the Office of the Governor what the perspective was since the revised caseload assessment and whether that justification should be carried over into some sort of an amendment.

Mike Willden, Director, Department of Health and Human Services (DHHS), commented that he was not from the Governor's Office or the Budget Division, but noted that when the budget was built in the fall of 2010, the Governor's Office and Director's Office's intent was to fully fund Early Intervention Services (EIS). It had been believed, because of the dollars that were budgeted, there would be no waiting list, but after recalculation the caseload numbers were higher than in The Executive Budget. However, Mr. Willden stated that alone did not make the difference in cost, and other variables that staff identified, were not built correctly. Mr. Willden said that while he had not specifically spoken with the Governor regarding the discrepancy, the intent last fall had been for the Early Intervention Services to be fully funded with no waitlist.

Assemblyman Bobzien said he would still like to hear from the Governor, although the Joint Committee would have to go forward with the closing today.

Chairwoman Smith referred to page seven of [Exhibit D](#), regarding the proposed Letter of Intent. She said she personally appreciated this suggestion by the staff, because it seemed like a good way to build a caseload projections process. She asked whether there was a motion for the Letter of Intent.

SENATOR LESLIE MOVED TO APPROVE ISSUANCE OF A LETTER OF INTENT TO THE HEALTH DIVISION DIRECTING IT TO FORM A GROUP OF EMPLOYEES NORMALLY ASSIGNED TO DO CASELOAD PROJECTIONS, INCLUDING A REPRESENTATIVE FROM THE BUDGET DIVISION; A REPRESENTATIVE FROM THE

LEGISLATIVE COUNSEL BUREAU, FISCAL ANALYSIS DIVISION;
AND A REPRESENTATIVE FROM THE AGING AND DISABILITY
SERVICES DIVISION, IDEA PART C STAFF; AND FISCAL STAFF
FROM THE HEALTH DIVISION.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan and Senator Parks
were absent for the vote.)

Senator Leslie suggested to the Committee that it approve option C, noting the \$3.4 million add-back. She believed option C was consistent with what the Governor intended to do with the budget. There were legal ramifications if the children were not served properly.

Chairwoman Smith called for a motion to approve BA 3208, Early Intervention Services.

- SENATOR LESLIE MOVED TO APPROVE THE REVISED PROJECTED CASELOAD BUT ADD BACK AN ADDITIONAL \$3.4 MILLION IN GENERAL FUNDS TO FUND 100 PERCENT OF THE PROJECTED CASELOAD.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hambrick, Hardy, Hickey, Kirner, and Senator Cegavske voted no.) (Senator Parks was not present for the vote.)

Ms. Byers said major closing issue 2 was the addition of General Fund revenues to replace the expired American Recovery and Reinvestment Act of 2009 (ARRA) funds. General Funds of \$1.4 million were recommended [decision unit Enhancement (E) 326] for each year of the biennium to fund intervention services that were eliminated in the base budget as a result of the expiration of the ARRA funding through IDEA, Part C (Individuals with Disabilities Education Act).

SENATOR LESLIE MOVED TO APPROVE AN INCREASE IN GENERAL FUNDS OF \$1.4 MILLION FOR EACH YEAR OF THE BIENNIUM TO REPLACE ARRA FUNDING TO MAINTAIN THE BASE BUDGET CASELOAD AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Parks was not present for the vote.)

Ms. Byers explained other closing items in budget account 3208. In other closing item 1, the Budget Division submitted Budget Amendment 258, which would transfer \$303,713 in FY 2012 and \$304,816 in FY 2013 to the Aging and Disability Services Division's Autism Treatment Assistance Program (ATAP). The Committee did not approve the budget amendment transfer from this account to the Aging and Disability Division Community Based Services budget account 3266 at the budget closing for the Aging and Disability Services Division on May 6, 2011. Fiscal staff suggested that Budget Amendment 258 also be disapproved to match the Committee's earlier action.

SENATOR LESLIE MOVED TO NOT APPROVE BUDGET AMENDMENT 258 TO MATCH THE COMMITTEE'S EARLIER ACTION.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Parks was not present for the vote.)

Ms. Byers referred to other closing item 2 in which the Health Division had provided its new provisional rates for its cost allocation, and Fiscal staff requested authority to make technical adjustments to reflect the new provisional rates which resulted in a decrease in General Funds of \$400,079 in FY 2012 and \$420,741 in FY 2013. Ms. Byers said the technical adjustment for the amount overpaid for the cost allocation in FY 2010 totaled \$337,531. She noted that the Committee approved using the savings to offset the General Fund shortfall in major closing issue 1.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE RECOMMENDATION TO OFFSET THE BASE BUDGET CASELOAD SHORTFALL WITH THE COST ALLOCATION SAVINGS AND PROVIDE FISCAL STAFF WITH AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS REQUIRED.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Parks was not present for the vote.)

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Ms. Byers said decision unit E710 recommended, in accordance with the state's computer replacement policy, to provide \$75,829 in each year of the biennium to replace 49 computers and upgrade software. This recommendation appeared reasonable to Fiscal staff. Fiscal staff had made adjustments in this account that transferred direct service expenditures into two separate categories. The first category would track state contracts and other state expenditures for direct services, and the second category would be used to track expenditures paid to community providers that provided direct services. Fiscal Staff requested authority to make technical adjustments for the final Health Division cost allocation, and indirect cost rate assessed and to reconcile transfers between Health Division budget accounts and the technical adjustments between categories.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE DECISION UNIT E710, WITH AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS AS REQUIRED.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Parks was not present for the vote.)

BUDGET CLOSED.

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HUMAN SERVICES
MENTAL HEALTH AND DEVELOPMENTAL SERVICES
MENTAL HEALTH SERVICES-DIVISION-WIDE ISSUES

Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented the closing documents for the Division of Mental Health and Developmental Services shown on page 10 of [Exhibit D](#). Mr. Chapman mentioned that the budgets were typically divided into three different components.

Mr. Chapman said the first component that he would discuss would be the mental health services that the Division provided, and then he would discuss substance abuse prevention and treatment services. The last component would be the developmental services that were provided by the Division.

Mr. Chapman said page 10 of [Exhibit D](#) contained a breakdown of the funding that was approved last session as well as the Governor's recommended funding. He pointed out information on staffing changes that were recommended in the Governor's budget, noting a reduction of 175.24 positions. Page 11 of [Exhibit D](#) included a General Fund reduction in decision unit Maintenance (M) 160 and the decision unit Enhancement (E) 600 series that totaled approximately \$65.2 million over the biennium. The Department of Health and Human Services (DHHS) in early April identified nearly \$61 million of General Funds that became available primarily as a result of lower caseloads, reduced costs per eligible in the Medicaid program, and a projected increase in fiscal year (FY) 2013 FMAP (Federal Medical Assistance Percentage) rates. Accordingly, the Budget Division submitted a number of budget amendments, and seven of those amendments restored General Fund reductions totaling \$13.2 million over the 2011-2013 biennium for Mental Health and Developmental Services.

Mr. Chapman said there were a number of issues that were common across multiple mental health accounts, and he had isolated those various recommendations into [Exhibit D](#), to be able to talk about them all as opposed to repeating them throughout each of the affected budget accounts. The middle of page 11 in [Exhibit D](#) contained a discussion of the major closing issues.

Mr. Chapman pointed out that the Governor's recommendation to eliminate General Fund support for the community triage centers in Clark and Washoe Counties, Enhancement (E) 600 in budget accounts (BA) 3161 and 3162, was the state's one-third share of funding support for the triage centers. The local hospitals and local governments in those two counties made up the other

two-thirds of the funding support. During the Joint Subcommittee's work session, there was an alternative discussed to restore the eliminated funds with General Fund that was recommended in the Southern Nevada Adult Mental Services (SNAMHS) account to implement a nonemergency transport contract service.

Continuing, Mr. Chapman said various stakeholders met after the budget hearing to discuss using approximately \$3 million of the funds recommended by the Governor for the nonemergency transport service to, instead, restore the state's one-third share to support the community triage centers. He said that one-third share was approximately \$1.25 million each year. Accordingly, the Budget Division submitted three budget amendments on April 27, 2011, that essentially incorporated that proposition. In addition to the recommendation to restore the funding for the community triage center with the funds that were targeted for the emergency medical transport service, there was another amendment that would restore the mobile outreach safety team in Reno. Accordingly, there were two options for the Committee to consider:

- Option A would approve the Governor's original recommendation to eliminate General Fund support of the community triage centers in Clark and Washoe Counties, approximately \$1.25 million a year, and use the Governor's recommendation of \$1.27 million in FY 2012 and \$1.75 million in FY 2013 to establish contract transportation services to move individuals from local emergency rooms to Southern Nevada Adult Mental Health Services (SNAMHS) inpatient facilities.
- Option B would redirect the increased General Funds recommended for contract transportation services to restore the state's one-third support for the community triage centers in Clark and Washoe Counties as reflected in Budget Amendments 354, 356, and 358. If this option was approved, net General Fund reductions of \$524,000 would be realized in the 2011-2013 biennium.

SENATOR LESLIE MOVED TO APPROVE REDIRECTING THE INCREASED GENERAL FUNDS RECOMMENDED FOR CONTRACT TRANSPORTATION SERVICES TO INSTEAD RESTORE THE STATE'S ONE-THIRD SUPPORT FOR THE COMMUNITY TRIAGE CENTERS IN CLARK COUNTY AND WASHOE COUNTY.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick voted no.)
(Senator Parks was not present for the vote.)

Mr. Chapman said the next item on page 12 of [Exhibit D](#) was the Governor's recommendation (E602 in BA 3161 and 3162) to discontinue the Senior Mental Health Outreach Program that provided case management and outreach services to approximately 100 individuals in Clark County and 33 individuals in Washoe County. The recommendation resulted from the discontinuance of the transfer of tobacco settlement funds from the Aging and Disability Services Division, which was the primary source of funding for the program. Mr. Chapman noted there were some Title XIX reimbursements, as well as a small amount of General Fund of \$13,163 in the first year of the biennium and \$11,884 in the second year of the biennium. The Governor had identified this program as a low priority in the Priorities and Performance Budget. Mr. Chapman said, as the Committee had heard on numerous occasions, use of the tobacco settlement funds had been reallocated to various other programs in The Executive Budget to offset General Fund need in FY 2013, including the autism and traumatic brain injury programs in the Division of Aging and Disability Services as well as the MHDS Family Preservation Program.

During the February 17, 2011, Joint Subcommittee hearing, the agency noted that the affected individuals would be offered service coordination and outpatient counseling by agency staff, but this would further increase the caseload for existing staff in both agencies. The Division also noted that individuals who were homebound would no longer have case management or outpatient counseling services provided to them in their homes. In response to follow-up questions, the Division noted that 34 individuals at SNAMHS (Southern Nevada Adult Mental Health Services) received some type of homebound services, while NNAMHS (Northern Nevada Adult Mental Health Services) had already terminated its homebound program because of position vacancies.

Senator Leslie stated she would be reluctantly supporting the elimination of the Senior Mental Health Outreach Program given that Nevada led the nation in senior suicides and the program was insufficient to begin with. She said she hoped that in better economic times a better program could be designed to reach out to seniors who were suffering from depression and other kinds of mental disabilities because the state was not providing enough help for them.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE ELIMINATION OF THE SENIOR MENTAL HEALTH OUTREACH PROGRAM AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Chapman explained that decision unit E603 (BA 3161 and BA 3648) called for the reduction of medication funding by \$1,552,005 in FY 2012 and \$1,552,767 in FY 2013 at Southern Nevada Adult Mental Health Services (SNAMHS), as well as \$65,401 in each year of the biennium at Rural Clinics. This recommendation would result in medication expenses decreasing from \$19.8 million in FY 2011 to \$17.2 million in each year of the upcoming biennium. Mr. Chapman reiterated that this would be a Division-wide total. It should be noted that the Division was continuing to pursue pharmacy scholarships and to divert Medicaid and Medicare eligibles to private pharmacies in an effort to control medication costs to the state. The Division also anticipated more of the psychotropic medications to become available as a generic over the next two years which would reduce the per-unit medication costs.

Mr. Chapman noted that on page 13 of [Exhibit D](#) was a breakdown of the medication clinic caseload. Currently, there were approximately 7,445 clients served through the medication clinics in Clark County, approximately 3,500 served in Washoe County, and another 1,608 served throughout the remainder of the state. The chart in [Exhibit D](#) broke down the caseload by county for the Rural Clinics portion. Mr. Chapman pointed out the chart did not include the five clinics that were recommended for transfer to SNAMHS. The Governor's recommendation would establish medication expenditure authority of \$13.02 million each year at SNAMHS and would, again, exclude the medication funding that was being transferred in for the Rural Clinics as recommended by the Governor. According to Mr. Chapman the \$13.02 million compared to \$12.36 million that was spent in FY 2009. He said \$12.95 million had been spent in FY 2010, and \$8.1 million had been spent for the first nine months in FY 2011. Similarly, the Governor's recommendation would establish expenditure authority of \$594,889 in each year of the biennium for Rural Clinics, which compared to \$580,212 in FY 2009, \$533,495 in FY 2010, and \$477,353 for the first nine months of FY 2011. Mr. Chapman said, given

the information provided by the Division, as well as the expenditure trends noted for the last three fiscal years, the recommendation appeared reasonable.

Senator Denis commented that there did not appear to be much choice, which was unfortunate.

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNIT E603 AND REDUCE MEDICATION FUNDING BY \$1,552,005 IN FY 2012 AND \$1,552,767 IN FY 2013 FOR SNAMHS AND \$65,401 EACH YEAR FOR RURAL CLINICS, AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Chapman said major closing issue 4 (decision unit E660 in BA 3161, 3162, and 3148) on page 14 of [Exhibit D](#) was the Governor's recommendation to discontinue Psychosocial Rehabilitation Services (PRS). He said the elimination of PRS would affect approximately 300 individuals in Clark County, 90 individuals in Washoe County, and 35 individuals in rural Nevada. Eliminating the program reduced General Funds by \$808,450 in FY 2012 and \$820,951 in FY 2013. The recommendation also eliminated 12.51 positions. The PRS program assisted individuals recovering from mental illness improve their abilities to perform daily living and social activities as well as developing employment-related skills through education and training. The Division noted during its February 17, 2011, Joint Subcommittee budget hearing, that clients who participated in the program would be assisted in accessing services offered by the Bureau of Vocational Rehabilitation of the Department of Employment, Training and Rehabilitation.

During the March 29, 2011 work session, the Division noted that while the drop-in centers would remain open and were currently staffed by consumer services assistants and volunteers, the supported employment program would be eliminated. The supported employment program included the operation of the canteen on the NNAHMS campus. There was a canteen in operation on the SNAMHS campus, but it was only in existence for a couple of years and had been nonoperational for a couple of years. In response to the Joint Subcommittee's follow-up request, the Division noted that to maintain the canteen, one of the vocational habilitation trainer positions would need to be

restored. Mr. Chapman said if that position was restored, the General Fund cost for restoring the canteen and the position, would be approximately \$104,334 in FY 2012 and \$105,364 in FY 2013. Again, as requested by the Joint Subcommittee, the chart on page 14 of [Exhibit D](#) showed the breakdown of the caseload for the Rural Clinics' portion of the services.

Mr. Chapman said the closing options for the Committee's consideration would be as follows:

- Option 1 would be to approve the Governor's recommendation to eliminate the Psychosocial Rehabilitation Services (PRS) program, with corresponding General Fund savings of \$808,450 in FY 2012 and \$820,951 in FY 2013.
- Option 2 would be to restore the canteen at NNAMHS. This would include one vocational habilitation trainer position, the worker stipends and operating costs that would require General Funds of \$104,334 in FY 2012 and \$105,364 in FY 2013.
- Option 3 would be to restore the entire program in all three regions that would require the restoration of General Funds of \$808,450 in FY 2012 and \$820,951 in FY 2013.

Mr. Chapman said that if the Joint Committee chose to accept the Governor's recommendation to eliminate the PRS program and transfer the five southern clinics from Rural Clinics into the SNAMHS account, there were technical adjustments that Fiscal staff would recommend. The first recommendation would be to eliminate the residual expenses of \$1,313 in each year of the program that remained in the Rural Clinics account. The second related to the transfer of the five clinics to SNAMHS account which included a program cost of \$2,664 each year. However, according to Mr. Chapman, those costs were not eliminated in the SNAMHS account and were redirected to the Operating category. Fiscal staff recommended eliminating those costs from the SNAMHS account.

Senator Leslie remarked that being severely mentally ill did not mean you could not hold a job or function. A lot of the clients were highly intelligent and could certainly hold a job but needed help. She said she had seen dramatic turnarounds with individuals who had gone through PRS. Senator Leslie said she had asked Fiscal staff to break out the cost of the canteen because that was a place on the NNAMHS campus where clients could go to meet with the peer counselors, get off the street, and away from downtown onto the campus.

She said while the clients were on campus, it was a great time to engage them in other services that they needed. She said she was supporting the restoration of the entire amount in all parts of the state, because if services like those were cut, more people were going to be hospitalized, and more people were going to be off their medication and hanging around downtown. Senator Leslie said she was supporting option three to restore funding.

SENATOR LESLIE MOVED TO RESTORE FUNDING FOR THE ENTIRE PSYCHOSOCIAL REHABILITATION SERVICES PROGRAM IN ALL THREE REGIONS.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hambrick, Hardy, Hickey, Kirner and Senators Cegavske, Kieckhefer, and Rhoads voted no.)

Mr. Chapman referred to page 15 of [Exhibit D](#) for the Governor's recommendation to reduce outpatient counseling services in decision unit E661 (for BA 3161, BA 3162, and BA 3648). Outpatient counseling services primarily provided group therapy opportunities that taught individuals to manage their emotions and behaviors and was offered in conjunction with service coordination and medication services. The Governor's recommendation reduced General Funds by \$957,551 in FY 2012 and \$959,898 in FY 2013 and eliminated a total of 12.51 positions. The recommendation would affect services to approximately 875 individuals annually at SNAMHS, approximately 456 individuals annually at NNAMHS, and 130 individuals at the Winnemucca clinic. The estimate was based upon a staffing ratio of one clinical position for every 130 clients.

During the February 17, 2011, Human Services Joint Subcommittee budget hearing, the Administrator testified that fewer individual outpatient counseling sessions would be offered, but group counseling session services would increase to offset the recommendation to eliminate 12.51 positions. The Subcommittee requested information verifying the Division's statements, and that response had been provided to the Subcommittee members. The Division noted that it was unaware of any evidence that supported traditional individual psychotherapy as an effective intervention for the severely persistent mentally ill. The Division further noted that the preferred interventions for this population beyond medication management were forms of psychosocial education and

direct assistance involving access to housing, public assistance and vocational readiness training.

Mr. Chapman said that during the March 29, 2011, Joint Subcommittee work session, the Subcommittee had been interested in having the Division provide a list of potential add-back options. Those add-backs were listed on pages 15 and 16 of [Exhibit D](#).

- Option 1 would restore two licensed psychologist positions at SNAMHS who would divide their time between the four outpatient clinics in Las Vegas. The Division noted that currently there was no waitlist for services at SNAMHS. The add-back would cost \$243,894 in General Funds for each year of the biennium.
- Option 2 would restore two licensed psychologist positions at NNAHHS, costing General Funds of about \$222,000 each year of the biennium. The Division noted there was a waitlist of approximately 45 individuals for this service as of February 2011.
- Option 3 would restore the licensed psychologist position in Winnemucca at a General Fund cost of \$67,798 in FY 2012 and \$68,510 in FY 2013. The Division noted there was a waitlist of 23 individuals at the Winnemucca clinic as of February 2011.

Mr. Chapman said that while the Joint Subcommittee expressed an interest in restoring some level of counseling positions to reinforce resources for individual counseling services, the Division in its response continued to assert that individual counseling did not constitute an evidence-based practice or a substitute for evidenced-based group therapies. The Division noted that while it offered minimal individual therapy sessions, its primary focus was group therapy sessions which allowed clients to develop improved life skills to integrate with better success within their communities.

Mr. Chapman said, again, there were three options for the Committee to consider:

- Option 1 would approve the Governor's recommendation to reduce Outpatient Counseling services, with corresponding General Fund savings of \$957,551 in FY 2012 and \$820,951 in FY 2013 [these figures were incorrectly stated and subsequently corrected].

- Option 2 to restore some of the positions as noted above, or some variation thereof, which would restore outpatient counseling services in one, two, or three regions of the state, but not at the same level that the reduction suggested.
- Option 3 would be to not approve the Governor's recommendation and restore the funding for all of these services in the amounts just noted.

Assemblywoman Mastroluca commented that if the mentally ill were to be kept out of hospitals, emergency rooms, and jails, there had to be services and outpatient counseling services that allowed them to stay within the community, find employment, and be productive citizens. She said she would support option 3 to not approve the Governor's recommendation to reduce outpatient services.

ASSEMBLYWOMAN MASTROLUCA MOVED TO NOT APPROVE
THE GOVERNOR'S RECOMMENDATION TO REDUCE OUTPATIENT
COUNSELING SERVICES IN ALL THREE REGIONS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady,
Hambrick, Hardy, Hickey, Kirner and Senators Cegavske,
Kieckhefer, and Rhoads voted no.)

Mr. Chapman explained that the amounts in decision unit E661 were stated incorrectly in [Exhibit D](#). The General Fund need was actually \$957,551 in the first year and \$959,898 in the second year. The amounts in the Closing Items for Consideration on page 16 of [Exhibit D](#) were from a previous item and Mr. Chapman wanted to clarify that. He did not know whether the Joint Committee needed to take action regarding that mistake.

Chairwoman Smith had the Joint Committee revote with the outcome being the same as the first vote.

Mr. Chapman continued with his presentation and referred the Joint Committee to page 16 in [Exhibit D](#), which included the Governor's recommendation (E664 in BA 3648 and BA 3161) to eliminate TANF (Temporary Assistance for Needy Families) funds in the Rural Clinics account and the SNAMHS (Southern

Nevada Adult Mental Health Services) account (resulting from the transfer-in of five rural clinics from the Rural Clinics account). This was a part of the Governor's-recommended elimination of the transfers from the TANF account (BA 3230) in the Division of Welfare and Supportive Services to the Division of Mental Health and Developmental Services (MHDS) that the Committee had approved in the TANF account.

Mr. Chapman said that for Rural Clinics, MHDS intended to shift approximately 255 individuals from TANF-eligible funding to Medicaid-eligible reimbursements. However, those reimbursements were not sufficient to offset the loss of TANF funds. As a result, 6.02 positions were recommended for elimination. In addition, Mr. Chapman said there were reductions in contract psychiatrist and psychologist services of \$148,717 in FY 2012 and \$135,861 in FY 2013, a reduction of approximately 7 percent in contract services for Rural Clinics. The Division noted that the position eliminations and the reductions in contract services would increase the wait times for approximately 350 individuals seeking outpatient counseling, medication clinic, and telemedicine services throughout the rural portion of the state.

Mr. Chapman said that for SNAMHS, the Governor recommended replacing the TANF funds that were transferred in from the Rural Clinics account with General Fund appropriations of \$92,185 in FY 2012 and \$91,143 in FY 2013. However, as the TANF funds were replaced with General Funds it left residual amounts of TANF funds totaling \$19,172 in FY 2012 and \$20,214 in FY 2013. Budget amendment 255 was submitted to correct this error, and therefore Fiscal staff recommended replacing TANF funds with General Fund appropriations totaling those amounts.

SENATOR RHOADS MOVED TO APPROVE THE ELIMINATION OF TANF FUNDS SUPPORTING OUTPATIENT COUNSELING, MEDICATION CLINIC, AND TELEMEDICINE SERVICES IN RURAL CLINICS AS RECOMMENDED BY THE GOVERNOR AND ALSO TO APPROVE BUDGET AMENDMENT 255 AS SUBMITTED.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Chapman referred to page 17 of [Exhibit D](#), the Governor's recommendation (E668 in BA 3161, BA 3162, and BA 3648) to eliminate 272 supported living

arrangements (SLA) which would result in General Fund savings of \$3.6 million in FY 2012 and \$3.5 million in FY 2013. A breakdown of the recommended elimination or reduction in supported living arrangements was displayed on page 17 of [Exhibit D](#). Mr. Chapman noted that the Division's base budget included funding to support approximately 1,300 SLAs statewide. There were approximately 913 placements at SNAMHS, 348 at NNAMHS, and 36 at Rural Clinics. The Division reported a waitlist of 8 individuals at NNAMHS and 36 individuals at Rural Clinics, but it was not reporting a waitlist at SNAMHS as of February 2011. In response to questions posed by the Subcommittee during the work session, the Division reported that it prioritized individuals on a waitlist primarily on a first-come, first-served basis, although exceptions were made when individuals were experiencing a crisis to avoid more costly institutional care.

On April 27, 2011, the Budget Division submitted Budget Amendment 311, Budget Amendment 313 and Budget Amendment 325, that would fully restore the funding in SLA placements originally recommended for elimination in The Executive Budget.

Senator Leslie commented that if two individuals living in Battle Mountain were on the waitlist but there was no caseload, it was a zero and, therefore, those two individuals would never be served because there was zero on the caseload. She asked Mr. Chapman if that was correct, and he agreed that it was.

Mr. Chapman further stated that there was sufficient funding in the Rural Clinics budget for 36 placements, where the caseload was distributed in the first column ([Exhibit D](#), page 17), but the recommended funding would not allow the clinics to serve anyone on that waitlist in those areas noted on the second column.

Senator Leslie commented that if you were a mentally ill person living in Battle Mountain, Silver Springs, Tonopah, or Lovelock and currently on the waitlist, you would have to move or you were not going to get any help. She said that was the reason clients were sent to Reno and Carson City because there were no services in the rural areas. Senator Leslie maintained that if those services were cut, there would be people roaming around in places they should not be roaming around and the police would be picking them up and taking them to the jail because there was no other housing available. If those individuals stayed in jail very long, they would exceed the cost being spent on the housing. Senator Leslie stated she supported adding back funding to restore the supported living arrangement placements.

Senator Kieckhefer asked about the breakdown regarding the \$7.1 million funding and where it was spent.

Mr. Chapman replied there were a variety of services used to aid clients as part of the supported living arrangements. One service could be just rent assistance for those who were higher functioning in the community and were having difficulty getting back on their feet. The assistance could also be at the extreme where someone was in a residence being supervised 24 hours a day, 7 days per week. Supported living arrangements were an alternative to inpatient hospital placement which was significantly more expensive.

Senator Kieckhefer remarked that the funding seemed to be quite expensive for so few clients, but there was an intensity that was necessary to ensure those persons were treated. He stated he would support the motion.

SENATOR LESLIE MOVED TO APPROVE THE GOVERNOR'S
BUDGET AMENDMENTS 311, 313, AND 325 TO ADD BACK THE
SUPPORTED LIVING ARRANGEMENT SLOTS.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Chapman referred to pages 17 and 18 of [Exhibit D](#), which discussed the Governor's recommendation (E666 in BA 3161, 3162, and 3648) to replace General Funds of approximately \$3 million in each year of the biennium with reimbursements from the counties where the Mental Health Courts operated. Reimbursements totaled approximately \$1.7 million each year from Clark County, \$1.2 million each year from Washoe County, and \$112,670 each year from Carson City. Mr. Chapman said the cost for Mental Health Courts in The Executive Budget included a total of 14 positions for administrative staffing and provided supported living arrangements for individuals who were directed to the program by district courts in the respective jurisdictions. Individuals were placed in the program because of habitual arrests and convictions for crimes resulting from mental illness as well as for substance abuse related to mental illness. During the February 1, 2011, Budget Subcommittee overview hearing, the Subcommittee asked the Division if it would still be obligated to provide other mental health services to clients currently in the Mental Health Court program, and then assess a charge to the counties for the costs of those other services. The agency's response was that the individuals would be eligible for

other services that MHDS provided within its available funding limits, but the Division would not assess the counties for those services.

Mr. Chapman noted that the Division indicated that it would bill the county similarly to the way it billed Medicaid for reimbursement of eligible services. Staff time and skills training would be billed in 15-minute increments, while direct costs for supported living arrangements would be billed as incurred for each client in the program. Mr. Chapman said the courts and the county representatives had indicated that the mental health courts would likely discontinue the services because of the reported economic conditions in their respective local governments should the state discontinue its support of the program.

Assemblyman Bobzien said the program seemed to be one of those examples of something the state had figured out how to do and to do well. The Joint Committee had heard extensive testimony from the judges in both Clark County and Washoe County with statistics on just how successful the program had been. Assemblyman Bobzien said he was very concerned that if funding was removed, this very successful program would never be reinstated. Clark County reported an 87 percent reduction in arrests while individuals were participating in the program and a 95 percent reduction in arrests after the program was completed. He said he would move to reject the Governor's recommendation and keep the drug courts open.

Senator Leslie disclosed for the record that she worked in the specialty court system which included the Mental Health Court in Washoe County.

ASSEMBLYMAN BOBZIEN MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE FUNDING FOR THE MENTAL HEALTH COURTS IN DECISION UNIT E666.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hambrick, Hardy, Hickey, and Kirner and Senators Cegavske, Kieckhefer, and Rhoads voted no.)

* * * * *

Mr. Chapman referred to page 18 of [Exhibit D](#), which showed the Governor's recommendation in decisions unit Maintenance (M) 170, to increase

General Fund appropriations for the entire Division, with corresponding reductions in Medicaid reimbursements, by \$22.6 million over the 2011-2013 biennium. This reduction resulted from a drop in the FMAP (Federal Medical Assistance Percentage) rate because of the expiration of the enhanced levels provided in the American Recovery and Reinvestment Act of 2009 (ARRA).

Mr. Chapman had noted on page 11 of [Exhibit D](#), the FFIS (Federal Funds Information for States) had recently released revised projections that increased the FMAP rates in FY 2013. The projected increase would result in additional Medicaid reimbursements and corresponding General Fund savings of \$1.67 million in FY 2013. Accordingly, there were six budget amendments that affected the six Mental Health and Developmental Services accounts to implement that change: Budget Amendment 275; Budget Amendment 289; Budget Amendment 290; Budget Amendment 295; Budget Amendment 305; and Budget Amendment 306.

SENATOR LESLIE MOVED TO APPROVE SIX BUDGET AMENDMENTS TO INCREASE MEDICAID REIMBURSEMENTS TO PROVIDE GENERAL FUND SAVINGS FOR \$1.67 MILLION IN FISCAL YEAR 2013 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

ALL COMMON DECISION UNITS FOR BUDGET ACCOUNTS 3161 (SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES), 3162 (NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES), AND 3648 (RURAL CLINICS) CLOSED. (Subsequent separate actions later closed these three budget accounts.)

HUMAN SERVICES

MENTAL HEALTH AND DEVELOPMENTAL SERVICES

HHS-MHDS-SO NV ADULT MENTAL HEALTH SERVICES (101-3161)

BUDGET PAGE DHHS MHDS-83

Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated the next budget account (BA) to be considered was the Southern Nevada Adult Mental Health Services (SNAMHS), BA 3161.

Mr. Chapman said there were three major closing issues in BA 3161 that needed to be discussed, with the first major closing issue being budget reductions.

Mr. Chapman said decision unit Maintenance (M) 160 and decision unit Enhancement (E) 696 recommended the reduction of inpatient beds in BA 3161. The Governor's budget recommended the continued closure of the 22-bed inpatient unit in building 3 at SNAMHS that was approved by the 26th Special Session (2010). The Governor also recommended the closure of the other 22-bed unit in building 3A in decision unit E696. Accordingly, the agency's inpatient hospital capacity would decrease from 234 beds to 190 beds at the main Rawson-Neal Hospital.

Mr. Chapman said the recommendation reduced General Fund support by \$3.8 million in fiscal year (FY) 2012 and \$3.9 million in FY 2013 and eliminated a total of 50.35 positions as well as related operating costs. Mr. Chapman noted that page 22 of [Exhibit D](#) provided a breakdown of all the positions to be eliminated. The average daily census in FY 2010 was 183 inpatients, with a high average of 200 inpatients in the month of September 2009 and a low average of 168 inpatients in May and June 2010. For the first 7 months of FY 2011, the daily average had decreased to 157 inpatients with a high of 171 inpatients in August 2010 and a low average of 145 inpatients in December 2011. The latest report for April 2011 showed an average census of 143 inpatients, with a high day of 158 inpatients and a low day of 125 inpatients. In addition, the same report noted an average of 36 individuals in local emergency hospital rooms on "Legal 2000" holds [72-hour involuntary detention because of potential mental illness pursuant to *Nevada Revised Statutes* 433A.150] waiting for SNAMHS intake services.

Mr. Chapman said the budget noted that the Division's incorporated operational efficiencies had reduced the average length of stay in the hospitals from 30 days to 15 or 16 days. The Division noted it had improved processes to stabilize individuals more quickly, developed standard advance discharge planning, and provided more timely and consistent administration of medications.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE
DECISION UNIT M160 AND DECISION UNIT E696 AS
RECOMMENDED BY THE GOVERNOR FOR GENERAL FUND
SAVINGS OF \$3.8 MILLION IN FY 2012 AND \$3.9 MILLION IN
FY 2013.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Chapman explained that page 22 of [Exhibit D](#) discussed the Governor's recommendation (E607) to eliminate 11.31 positions. The Division believed those positions could be eliminated based on an internal evaluation of staffing patterns that had been affected by program and service reductions throughout the agency. The position detail roster noted the eliminations affected a variety of services across SNAMHS. Mr. Chapman said the recommendation reduced General Funds by \$894,854 in FY 2012 and by \$907,418 in FY 2013. During the budget hearing, the Division testified that with continuing reductions in services, including the closure of two stand-alone inpatient units, that those positions could be eliminated without significant effects to ongoing operations.

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE 11.31 POSITIONS IN BUDGET ACCOUNT 3161 FOR GENERAL FUND SAVINGS OF \$894,854 IN FY 2012 AND \$907,418 IN FY 2013.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Chapman stated that at the top of page 23 of [Exhibit D](#) was the Governor's recommendation (E662) to eliminate one of the two PACT (Program for Assertive Community Treatment) teams at SNAMHS. The recommendation would eliminate 8.51 positions and the elimination of this team would affect services for up to 75 clients who had a repetitive history of using hospital services and/or contacts with law enforcement. These cases generally required a higher level of service coordination to ensure programs were followed and medications were taken. During the budget hearing, the Division testified that individuals currently participating with one team would continue to be eligible for service coordination and the medication clinics, as well as potential referral to the Bureau of Vocational Rehabilitation.

Mr. Chapman related that during the work session and the budget hearing, the Joint Subcommittee expressed concerns regarding the effect on the individuals in this program and asked about other alternatives that might be available. The Division noted that those clients were the most seriously mentally ill individuals who were diagnosed with schizophrenia, paranoia, and bipolar disorders. The Division further noted that PACT services were essentially the same as the services provided in the hospital, but PACT services were provided on an outpatient basis. The Joint Subcommittee expressed concerns that if the one team was eliminated, another 75 persons would not be monitored and might affect local emergency rooms or experience increased contact with law enforcement.

The Joint Subcommittee requested that the Division submit a proposal for a scaled down version of one PACT team in an attempt to salvage services for some individuals. In response, the Division noted that a reduced team, which would serve approximately 49 individuals, would require the restoration of five positions: a registered nurse; a licensed psychologist a licensed clinical social worker; and two psychiatric clinical social workers. The reduced-sized PACT team would require an add-back in General Funds of approximately \$281,549 in FY 2012 and \$283,047 in FY 2013 for those five positions as well as associated operating costs.

Mr. Chapman stated that options for consideration by the Committee would be as follows:

- Option 1 to approve the Governor's recommendation to eliminate one PACT team including 8.51 positions which generated General Fund reductions of \$483,862 in FY 2012 and \$487,853 in FY 2013.
- Option 2 would restore a portion of the PACT program as identified above which would restore five positions and associated staffing costs. This would serve approximately 49 individuals at a General Fund cost of \$281,549 in fiscal year 2012 and \$283,047 in fiscal year 2013.
- Option 3 would not approve the Governor's recommendation and restore all 8.51 positions.

Mr. Chapman pointed out that he had provided approximate amounts for the partial restoration, and staff would request authority to make technical adjustments if those positions were restored.

Senator Leslie stated the most severely mentally ill people were served and monitored by the PACT team and to reduce or eliminate those services would be a disaster. She said she considered the elimination of a PACT team to be a disaster and would not vote to eliminate it.

Assemblywoman Mastroluca stated she would make a motion to restore the full PACT team.

ASSEMBLYWOMAN MASTROLUCA MOVED TO RESTORE A FULL PACT TEAM, INCLUDING THE RESTORATION OF 8.51 POSITIONS AND ASSOCIATED STAFFING COSTS, TO SERVE APPROXIMATELY 75 INDIVIDUALS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hambrick, Hardy, Hickey, Kirner and Senators Cegavske, Kieckhefer, and Rhoads voted no.)

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Mr. Chapman explained that decision unit E601 on page 23 of [Exhibit D](#) discussed the Governor's recommendation to eliminate a clinical social worker and a consumer services coordinator responsible for supervising the remaining four consumer services assistants (CSAs) in the Consumer Assistance Program (CAP). Both of the positions were currently filled. The CAP operated as a peer program offering individuals with mental illness the opportunity to connect with others who had been successful and were on the path to recovery. The program also operated with up to 20 volunteers, who were either individuals in recovery or family members of individuals in recovery. The two supervising positions, four assistant positions, and the volunteers served approximately 500 clients per month with group activities, programming, and orientation. General Funds were reduced by approximately \$150,571 in FY 2012 and \$152,622 in FY 2013. In response to questions from the Joint Subcommittee, the Division noted that the assistant director for community services would be responsible for overseeing the four CSAs and the volunteers.

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNIT E601 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Chapman referred to decision unit E605 and decision unit E695 which recommended consolidating and reducing the Pahrump Clinic staff. This was one of the clinics that was recommended to transfer in from Rural Clinics to SNAMHS. The Governor recommended combining two part-time psychiatric caseworker positions into a single full-time position in the Pahrump clinic. Mr. Chapman said the recommendation also included the elimination of a half-time administrative assistant position as well as a licensed psychologist. The combined recommendation eliminated the equivalent of 1.77 positions and reduced General Fund by \$166,547 in FY 2012 and \$169,564 in FY 2013. The Division noted that the savings generated from the elimination of the psychologist position would offset the increase in General Funds that were recommended to replace the TANF funds that were transferred into the SNAMHS account from the Rural Clinics account. Mr. Chapman said the responsibilities of the licensed psychologist would shift to a mental health counselor position assigned to the Pahrump clinic. The Division acknowledged that while the psychologist position might have performed limited testing services years ago, those testing services had not been provided in recent years. The Division indicated the position to be eliminated provided group counseling services that would be absorbed by the remaining counseling staff, including the full-time psychiatric caseworker that had been consolidated or combined from the two part-time positions, as well as contract staff. The elimination of the position might result in an increase in the waitlist, which was reported at 27 individuals as of February 2011.

ASSEMBLYMAN KIRNER MOVED TO APPROVE DECISION UNIT E605 AND DECISION UNIT E695 TO CONSOLIDATE OR REDUCE THE PAHRUMP CLINIC STAFF.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton voted no.)

Mr. Chapman said decision unit E606 on page 24 of [Exhibit D](#) was the Governor's recommendation to eliminate the three remaining grounds

maintenance worker positions after one position had already been eliminated as part of the 22-bed reduction in building 3. The General Fund savings from those position eliminations totaled \$157,003 in FY 2012 and \$159,763 in FY 2013. According to Mr. Chapman, the savings were partially offset with the recommendation to contract with a vendor in the amount of \$103,200 each year, which resulted in a net reduction of \$53,803 in FY 2012 and \$56,563 in FY 2013. The Committee was reminded that the 2009 Legislature had approved the purchase of various lawn mowing, trimming and debris blowers for the SNAMHS campus. However, the Division noted during the budget hearing that if this recommendation was approved, it would transfer that recently purchased equipment to NNAMHS and the Sierra Regional Center. The Division received a quote for services from a vendor, and the vendor currently provided the same services for the Division of Child and Family Services on the adjoining campus on Charleston Boulevard in Las Vegas. Mr. Chapman said the recommendation appeared reasonable to staff.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E606
IN BUDGET ACCOUNT 3161 TO ELIMINATE THREE GROUNDS
MAINTENANCE WORKER POSITIONS AND USE VENDOR
MAINTENANCE SERVICES.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Assembly Committee on Ways and Means
Senate Committee on Finance
May 17, 2011
Page 73

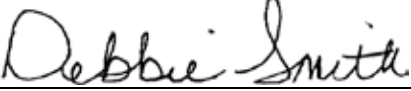
The meeting was recessed at 12:10 p.m. and, because of time constraints, was not reconvened.

RESPECTFULLY SUBMITTED:

Tenna Herman
Recording Secretary

Anne Bowen
Transcribing Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: _____

Senator Steven A. Horsford, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance

Date: May 17, 2011

Time of Meeting: 7:12 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Guest Sign-in sheets
	C	Fiscal Analysis Division, Legislative Counsel Bureau	Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #19 May 17, 2011
	D	Fiscal Analysis Division, Legislative Counsel Bureau	Senate Finance and Assembly Ways and Means Committees Meeting Jointly Closing List #23 May 17, 2011