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

Seventy-Sixth Session
March 18, 2011

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Human Services/CIP was called to order by Chair April Mastroluca at 8:05 a.m. on Friday, March 18, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman April Mastroluca, Chair
Assemblywoman Debbie Smith, Vice Chairwoman
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Cresent Hardy
Assemblyman Joseph M. Hogan

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Sheila Leslie, Chair
Senator Steven A. Horsford
Senator Barbara K. Cegavske

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Jeffrey A. Ferguson, Senior Program Analyst
Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Mastroluca indicated that they would hear the Welfare budget and introduced Mr. Gilliland.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), introduced Deborah Braun, Deputy Administrator, Program and Field Operations, and Sue Smith, Administrative Services Officer 4, to the Subcommittee.

Mr. Gilliland indicated that the Division served 330,000 public assistance cases, 110,000 child support cases between the state program and ten county district attorney offices, 8,290 subsidized child care clients in daily child care, and 30,000 energy assistance cases. The Division saw 3,500 to 4,000 clients daily in 15 district offices and received approximately 15,000 telephone contacts daily. Mr. Gilliland acknowledged the excellent work of his staff and community partners in managing the unprecedented caseload increases and in serving the families of Nevada. The central office staff supported the district offices. The Nevada AMPS (Application Modernization and Productivity Services) system and Access Nevada development team had introduced much needed technology enhancements. The mission of the Division of Welfare and Supportive Services (DWSS) was to provide quality, timely, and temporary services enabling Nevada families to achieve their highest levels of self-sufficiency.

Mr. Gilliland said he reviewed budgets in an environment of generally increasing caseloads, limited state and federal resources, and depleted program reserves. In preparing the budgets, DWSS faced many difficult choices and compromises in balancing the service needs of the program and meeting the needs of the communities.

Mr. Gilliland stated that Page 1 of Exhibit C depicted the Governor's recommended funding by budget account. The Division's budget for the 2011-2013 biennium was $562,787,878. There was a corresponding

$978,726,248 in Supplemental Nutrition Assistance Program (SNAP) benefits approved by DWSS and funded by the federal government. The SNAP benefits would contribute approximately $1.7 billion to the economy of Nevada over the next two years.

Mr. Gilliland called attention to page 2 of the exhibit, which provided the Governor's recommended budget by funding source and showed General Fund, federal fund, and other funding components. Page 3 provided an organizational chart that depicted the key individuals of the organization. Page 4 represented the staffing levels for DWSS, with total staffing of 1,571 during the upcoming biennium. Currently, the overall position vacancy rate was 6.6 percent, with Program and Field Operations having a 5.5 percent vacancy rate. Unfortunately the Information Systems section had a 14.7 percent vacancy rate that was driven by difficulty in recruiting and retaining information technology staff.

Mr. Gilliland continued with page 5 of Exhibit C, which depicted a client representation of employment as a percentage of population. October 2010 employment projections were compared to March 2011 population projections from the state demographer. The caseload in the DWSS presentation was based on those numbers. Mr. Gilliland said DWSS had received more current numbers on unemployment, and that number was slightly higher than was shown on page 5 of the exhibit. The Division expected to have updated caseload numbers by the end of the month. Page 6 was the Temporary Assistance for Needy Families (TANF) cash projections with 31,362 current participants. There was very little difference in today's numbers and what had been presented in the Governor's recommended budget. Page 8 showed Medicaid and caseload projections of 281,588, on track with the Governor's recommended numbers. Page 9 provided the same detail for the Medicaid caseload as page 7 did for the TANF cash program. Page 10 showed the SNAP projections. The current actual caseload was 326,936 and the SNAP projections for March 2011 were slightly below the Governor's recommended numbers.

Mr. Gilliland noted that page 11 of the exhibit depicted the detailed numbers behind the SNAP projections. Page 12 provided the various poverty levels for each of the programs administered by DWSS. For example, in SNAP, which was based on 200 percent of the federal poverty level, the initial qualification was $3,088 per month for the income level for a family of three.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – ADMINISTRATION (101-3228)
BUDGET PAGE DHHS DWSS-1

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), discussed budget account (BA) 3228 which was Administration. Decision unit Enhancement (E) 400 was access to health care and health insurance. Mr. Gilliland referenced page 13 of Exhibit C and explained that the Health Insurance Exchange (HIX) was a program that the public could use to determine insurance options and where insurance could be bought and sold. The eligibility engine was the interface that rested below the healthcare exchange and provided eligibility determination for individuals. It also required dynamic policy changes as those were incorporated by the federal government. For example, the eligibility engine would need to determine eligibility for families below 400 percent of the federal poverty level for a federal subsidy, and eligibility for those families who were below 135 percent of the federal poverty level for Medicaid. In the Medicaid section there were new "eligibles" and current "eligibles". Today a family would be considered a current "eligible" for Medicaid if the family met the income level, but a single adult would also become eligible for Medicaid beginning on January 1, 2014.

Mr. Gilliland continued that the eligibility engine provided that dynamic interface between the Health Insurance Exchange (HIX) as well as the electronic application of the AMPS system and the Nevada Operations of Multi-Automated Data Systems (NOMADS) processing engine. The objective was to establish a system for an individual to receive a determination of eligibility for continued participation in applicable state health subsidy programs. The eligibility engine was required to integrate between HIX, Medicaid, State Health Insurance Assistance Program (SHIP), and other public assistance programs.

Mr. Gilliland said the required implementation date was January 1, 2014. The full cost of implementation was estimated at $23.4 million, and the requested funding for the 2011-2013 biennium was $14.9 million, which included 13 funded positions. The basic concept of the eligibility engine was to extend the useful life of NOMADS and to establish NOMADS as the database of record. The concept was also to establish a business-rules-driven module to determine Medicaid eligibility, medical subsidies, and also to establish the interfaces previously described.

Mr. Gilliland advised that the timeline for the eligibility engine required development of a federal advanced-planning document (APD) and a request for proposal (RFP) prior to December 2011. The process would require the release of the RFP in January 2012, selecting a vendor, awarding the contract by June, 2012; the full cost of implementation would be finalized by July 2012. Initially, approximately $1.5 million would be expended, with the bulk of the $23 million expended after June 2012. Once the RFP had been released and the contract awarded, DWSS would identify the exact amount of additional funding necessary. Initial development and system deployment would begin by August 2012, with full implementation scheduled for December 2013.

This system would extend the useful life of NOMADS, which was used as the eligibility and case management engine for all public assistance cases, by creating a modularized business-rules environment and converting the current language from cross system product (CSP) to enterprise generation language (EGL). The reason for the conversion was that CSP was not supported by the mainframe operating system, and although it operated within the mainframe, each time the operating system for the mainframe was upgraded, there was additional risk that it could no longer support CSP. Additionally, with the 14 million lines of code in NOMADS, the pool of technical staff that could still support CSP was shrinking, and the language was awkward when changes needed to be made to the underlying programming. Integrating the HIX eligibility determination program with other public assistance eligibility programs would create efficiencies. It would also expand use of the electronic application environment with Access Nevada and use it in a complementary fashion with a health insurance exchange.

Chair Mastroluca inquired whether federal law mandated the creation of an eligibility engine for HIX or whether that was a state decision.

Mr. Gilliland stated that Nevada was required to initiate a health insurance exchange, which could be either state or regionally operated. Nevada was then required to determine eligibility for those persons who sought health insurance through the exchange and establish a system to determine that eligibility. Page 13 of the exhibit depicted the federal requirements, and though the federal government did not call it an eligibility engine, effectively that was what it was.

Chair Mastroluca asked whether there was a plan to deal with possible lawsuits if the federal health care plan should be repealed. She wondered whether there was a plan to return any promised dollars back to the General Fund if the federal health care plan failed.

Mr. Gilliland stated that Nevada would implement health care reform because it was the law, and it was his intent to comply with that law. The federal government provided 100 percent of the funding for the implementation of health care reform. There was a General Fund component for that part of the program which would benefit the Medicaid program. The General Fund component that would benefit Medicaid would be dealt with through cost-allocation. Mr. Gilliland was uncertain about what those expenses and allocations would be.

Assemblyman Bobzien asked about the Technology Investment Request (TIR), and where HIX would actually reside. He wondered who would be responsible for the application and where it would be hosted.

Mr. Gilliland replied that the Health Insurance Exchange (HIX) was an option for a state, regional, or federal health insurance exchange. Regardless of where the HIX resided, DWSS would require an eligibility engine that provided a state interface with the insurance exchange. A state HIX was under consideration, but DWSS was not responsible for that decision. The DWSS would be responsible to receive information from the exchange and determine eligibility in a way that was adaptable to the Nevada environment.

Assemblyman Bobzien noted that an eligibility engine was mandated, and he asked what other states were doing and whether a particular vendor was serving several states.

Mr. Gilliland replied that each state considered the program based on caseload management and eligibility determination within that state. Nevada was actually leading other states in management of the eligibility engine protocol. Nevada was not looking at development within other states, but rather was leading most states in its approach to this challenge.

Assemblyman Bobzien inquired what Mr. Gilliland based his statement on, whether it was the functionality of the engine or the sophistication of the program.

Mr. Gilliland responded that the conceptual perspective of how DWSS approached the eligibility questions and the interface between HIX and current eligibility and case management rules had helped DWSS take the lead. In speaking with its consultants and consultants working with other states, Mr. Gilliland believed Nevada was working with a technology base that was more advanced than most states, and DWSS was leveraging off the technology it had put into place with the introduction of the AMPS environment.

Mr. Gilliland responded to an inquiry from Chair Mastroluca that the CSP to EGL migration was a one-time cost, and he believed the cost was somewhere between $800,000 and $1 million. It would not extend past the current biennium.

Chair Mastroluca asked whether the conversion would be a multistep process. She believed it could not just go from one step to the other but would have to go through a VisualAge Generator application code to move from one to the other.

Mr. Gilliland indicated that the conversion from CSP to EGL was a technological question and he would defer Mr. Stewart for reply.

Dave Stewart, Chief IT Manager, DWSS, DHHS, said the conversion was a two-step process. The CSP language was the father, the VisualAge Generator the son, and EGL was the grandson; the conversion was a two-step migration process.

Chair Mastroluca asked whether the process had been tested and whether Mr. Stewart felt confident that the conversion would go smoothly. She also asked what risks were inherent with such a large scale conversion.

Mr. Stewart believed that the risks were minimal but said DWSS would undertake a proof of concept before moving forward. He noted that the City of Atlanta had completed the conversion last year with no problems; it was a mature technology.

Chair Mastroluca inquired about the elimination of the four full-time equivalent (FTE) positions and how many of those positions were filled within the Central Office in Carson City. She asked whether the loss of those positions would affect the Central Office.

Mr. Gilliland responded that two of the four positions were currently filled. The Central Office included one administrative assistant 2 position and one management analyst 3 position that were currently filled. He believed that with organizational restructuring DWSS could accommodate the loss of those positions with minimal effect.

Chair Mastroluca moved forward to budget account 3230 – TANF cash assistance.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (101 3230)
BUDGET PAGE DHHS DWSS-10

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), discussed budget account (BA) 3230, Temporary Assistance for Needy Families (TANF). He began with decision unit Enhancement (E) 664. Since 2000, DWSS had provided funding to other divisions within DHHS that ranged from $5 million to $7 million. Page 15 of Exhibit C identified the recommended elimination of that funding per fiscal year in the 2011-2013 biennium to each division as follows:

- Mental Health and Developmental Services – $1,709,849
- Mental Health (Autism) – $1,095,566
- Division of Child and Family Services $3,275,661
- Health – $307,849
- Director's Office – $754,063
- **Total – $7,142,988**

Mr. Gilliland stated that in 2011 after all adjustments had been made, the total transfers would be approximately $6,300,000 between all divisions.

Senator Leslie inquired about the nexus between those services and the reason TANF funding had been used for that purpose. Those were services that other agencies provided.

Mr. Gilliland responded that TANF funds had been used because it had adequate reserves. The DWSS had been substituting TANF dollars for other revenue sources to accomplish specific goals within other divisions.

Chair Mastroluca requested an update on the TANF Supplement Grant.

Mr. Gilliland explained that the TANF Supplement Grant was part of the TANF block grant and DWSS had received approximately $3.8 million per year. The supplement or population modifier had been a continuing aspect of the grant, and the current federal fiscal year 2011 budget eliminated one quarter of the supplemental grant. The 2011 federal fiscal budget had not been approved in its entirety through one of the continuing resolution steps. The TANF program was due for reauthorization October 1, 2011, and Mr. Gilliland believed that through reauthorization the TANF block grant and the TANF Supplemental Grant would be continued, but until the reauthorization was completed, there was never 100 percent certainty.

When Chair Mastroluca asked about a contingency plan, Mr. Gilliland replied that would need to be addressed and referred to the TANF reserve on page 19 of Exhibit C.

Mr. Gilliland referred to page 19 and said based on current caseload, the changes that had occurred in funding, and the assumption that DWSS would receive the supplemental or the population modifier piece of the grant going forward, it would appear that the agency would have a negative $2.1 million reserve in TANF funding at the end of the biennium. The DWSS continued to include the population modifier grant in the budget because the Division had historically received that grant as part of the TANF block grant through TANF reauthorization. Mr. Gilliland expressed surprise at the $900,000 loss this year. He had believed that was something that could be reasonably relied upon, but was never 100 percent certain. He thought the more important question was how to accommodate a negative reserve. The figures had fluctuated from the Governor's recommended $3 million reserve to a negative $2.1 million reserve. There were month-to-month fluctuations in caseload, and Mr. Gilliland anticipated that with the latest update in employment as a percentage of population, the negative reserve number would be somewhat reduced. It was a dynamic number that changed from month to month as DWSS received new caseload numbers.

Chair Mastroluca asked whether DWSS had talked about potential program modifications to deal with the shortfall.

Mr. Gilliland responded by referring to page 21 of the exhibit, which showed projections in the TANF cash assistance category that totaled $44.6 million in fiscal year 2012 and $43.6 million in fiscal year 2013. The Division was limited in its choices and one choice would be to reduce the TANF cash assistance proportionally in all categories. Another choice would be to either disproportionally reduce specific categories or eliminate them entirely. That question would have to be faced in the second year of the biennium as the Division began to determine the amount of the final negative reserve.

Mr. Gilliland explained there was one other option: when DWSS calculated the TANF reserve the Division only allocated three-fourths of the block grant to fiscal year (FY) 2013 even though it received 100 percent of the federal block grant at the beginning of the federal fiscal year. If DWSS believed there was going to be a temporary negative reserve, it could accommodate the shortfall by using money from the fourth quarter TANF block grant. However, the Division would have to be certain that the situation was temporary in nature and that it would not cause a greater problem for FY 2014.

Chair Mastroluca suggested that DWSS would be using that money to backfill the maintenance of effort (MOE) to which Mr. Gilliland replied that MOE was a slightly different topic. The Division had to pay the $27 million in MOE over the federal fiscal year. It could pay the amount with partial funding from one state fiscal year and then additional funding from the following state fiscal year as portrayed on page 16 of Exhibit C. When DWSS paid MOE $20 million would be paid in fiscal year (FY) 2012 and $6.2 million of MOE would be expended in FY 2013, which would total $27 million over federal fiscal year 2012. Mr. Gilliland said when he discussed back filling with TANF block grant funds, he meant that would meet the cash assistance and TANF expenditures during the state fiscal year with the reduced MOE and TANF block grant; the state was not allowed to backfill MOE with federal funding.

Mr. Gilliland responded to an inquiry from Senator Leslie that he would not know about the supplemental piece of the TANF grant until TANF reauthorization had been completed or until a continuing resolution was approved for TANF. The TANF reauthorization was due October 1, 2010, and when Congress prepared the continuing resolution, 100 percent funding of the supplemental piece would be provided. Until the Division formally received a TANF authorization or a continuing resolution specifically for TANF, Mr. Gilliland would not know the amount of the block grant; he hoped to have that information by September 30, 2011.

Mr. Gilliland stated that the Contingency Fund was a separate situation. The Contingency Fund was a pool made available to states that met certain criteria for economic distress. Nevada qualified for this funding, which provided up to 20 percent of the TANF block grant or approximately $8.8 million dollars. Mr. Gilliland included $6.6 million in the budget, which had been approved based on the contingency funding perspective. That amount was reduced from $6.6 million to $2.2 million through the federal budget continuing resolution process. There was no guarantee of further contingency funding, so Mr. Gilliland had not included that in the budget.

Senator Leslie restated that the supplemental was included but the contingency was not. With a negative reserve, the Division was skating close to the edge of disaster with the account. The DWSS was projecting a negative reserve, and if it was wrong on caseload or the economy, the Division needed to be very clear on what the options would be. The state did not have a large Contingency Fund that could address the problem. Senator Leslie asked for an example of what would occur if cash grants were reduced across the board.

Mr. Gilliland referred to page 21 of the exhibit and the 2013 projections. He indicated that the consequence to the program would depend on how quickly DWSS reacted to it. If the Division waited to act until late 2013, it would have to make a more dramatic reduction. If there was a $2 million negative reserve, DWSS would have to reduce all cash grants by 5 percent. That would reduce a typical monthly cash grant for a TANF family of 3 from approximately $380 to approximately $360. While Mr. Gilliland was not in favor of reducing any cash grants, that was the type of choice that would have to be made. If the Division waited until halfway through the fiscal year (FY) 2013, it would have to make a 10 percent cut across the board to accommodate the same negative $2 million. The Division had to be sensitive to what would happen with TANF reauthorization as well as the caseload. The DWSS would need to decide on a course of action early in calendar year 2013 to produce either a positive or neutral cash reserve by the end of the year.

Senator Leslie sympathized with the families who tried to survive on $380 a month and indicated that $20 would be important to them. She inquired about a waiting list regulation within the TANF program.

Mr. Gilliland responded that the Division was obligated to address every application for benefits within a certain time frame. If the client was eligible, then DWSS would provide them with assistance. The DWSS had a 95 percent target within 45 days, but fell slightly below that into the high 80 percent or low 90 percent range. The objective of DWSS was to serve all TANF eligible clients in a timely manner. Mr. Gilliland explained that there were no waiting lists in the TANF program.

Senator Leslie requested additional information about TANF caseloads and what projects would be eliminated or reduced. She suggested Mr. Gilliland discuss the reduction in kinship care, elimination of the TANF loan program, and reduction of funding to subcontractors by 50 percent.

Mr. Gilliland referred to page 14 of Exhibit C and budget account (BA) 3230. Decision unit Enhancement (E) 661 reduced the kinship care rate to equal the relative caregiver rate. The kinship rate for a child aged 0-12 years was $534 per child and for age 13 and above the rate was $616 per child. The relative caregiver rate was $417 for the first child and $59 for each additional child. The kinship rate was set at 90 percent of the foster care rate. The DWSS provided limited assistance to families who had not obtained guardianship. Guardianship was a requirement, but DWSS provided up to a $600 per case subsidy for a limited number of families who did not have guardianship of their child.

Mr. Gilliland discussed budget account (BA) 3230, decision unit Enhancement (E) 662, the TANF Loan program. He noted that there would be a complete elimination of the program, which would affect 500 to 600 families. The program was designed for persons who had reasonable assurance of the receipt of a lump-sum payment. One example would be a person with Supplemental Security Income (SSI) disability who had not yet received an SSI determination. The program attempted to bridge the gap between when that determination was made and when payment was received. Within the program was the recognition that when the determination was made, the client would receive retroactive payment and they could use those funds to repay the TANF loan. Typically the applicant was not work eligible. The proposed budget fully eliminated that program; therefore, there would be no cash assistance program for those families in need.

Mr. Gilliland continued with budget account (BA) 3230, decision unit Enhancement (E) 663, which reduced domestic violence and substance abuse programs by 50 percent. That included the Supporting Teens Achieving Real-Life Success (STARS) program and the statutory rape education program. One of the reasons DWSS had the STARS and statutory rape education programs was because of an educational requirement from the Supplemental Nutrition Assistance Program (SNAP) that allowed the state to qualify for categorical eligibility. The proposed budget reduced the funding for domestic violence and substance abuse treatment by 50 percent, and DWSS did not have adequate funding to meet all of those needs through the full year. The plan was to meet the domestic violence and substance abuse treatment needs of the community for the first half of each of the two years within the current biennium. The DWSS would indicate at the beginning of each fiscal year what each provider had in the way of contract authority, and the estimate was that the contract authority would only carry the providers through the first half of each year. The providers had the ability to manage that authority in any way they believed was appropriate for their particular organization. The estimate was that the providers would only be able to respond to half the cases that they would otherwise handle.

Senator Leslie noted that all three programs had been put into place to help clients become more self-sufficient and avoid accessing the TANF program.

Mr. Gilliland stated that kinship care was to encourage families to obtain guardianship and take responsibility for the child and provide a bridge for that child rather than a foster care environment. He believed that one reason kinship care represented 90 percent of the foster care rate was the intent to provide a home environment, which was better for the child and also saved TANF money. The TANF Loan Program was really a bridge so those clients, once they received their SSI disability for example, would not access TANF. The third program, in context with the mission for DWSS was to help people reach their highest level of self-sufficiency. Substance abuse and domestic violence treatment programs were key elements in helping a family member reach his highest level of self-sufficiency and helping him obtain employment. All three of those programs were designed to assist people to transition from public assistance.

Senator Leslie pointed out that with the reduction of those programs that had benefitted clients, more people would be on TANF and she wondered whether that factor had been built into the caseload.

Mr. Gilliland responded that there would be program and policy changes that would prevent some of those clients from being eligible. For example, in the TANF loan program, TANF was really programmed to transition people to a work environment. If a person was disabled and unable to meet a work requirement or unable meet their personal responsibility plan to participate in the TANF program, they would lose their eligibility. If DWSS was unable to bridge that gap of the substance abuse and domestic violence treatment programs, typically a person might stay on TANF longer than they might have otherwise. Mr. Gilliland believed the Division had accommodated those factors in the caseload figures, but he was not certain.

Senator Leslie expressed regret at seeing the programs that had been successful and had been worked on for so long being so dramatically reduced. She expressed concern that too much was being cut, and the risk was too high for the most vulnerable population.

Mr. Gilliland shared her concern. He indicated that the Division had made very difficult choices when putting together the budget. One of the other choices DWSS considered, rather than eliminating those programs, was to reduce the cash assistance grants across the board by some percentage.

Senator Horsford had questioned the overall TANF block grant and the percentage of the grant that was expended on eligibility and program support as opposed to the percentage that was expended on the cash assistance program.

Mr. Gilliland responded that eligibility and program support consisted of 15 district offices and the 1,247 staff members who provided public assistance support for TANF, Medicaid, and SNAP. The total cost incurred in those offices was cost allocated between the programs and was included on the eligibility and program support line on page 19 of Exhibit C.

Senator Horsford reiterated that they were spending half the block grant on program support and he asked whether the program was that staff intensive.

Mr. Gilliland responded that in state fiscal year 2011, $78.2 million was projected as available funding. Expenditures were projected at $88.2 million, and $22 million was allocated for eligibility and program support. That was approximately 25 percent of the total expenditures. Mr. Gilliland stated that figure underlined the importance of looking at how business was conducted, the importance of Access Nevada from an electronic application perspective and AMPS from a technology perspective, and the importance of reviewing practices in the offices to continue to improve efficiencies to reduce that percentage. One of Mr. Gilliland's key goals and objectives was to reduce the percentage of costs for administration.

Senator Horsford asked whether DWSS spent an additional $3 million in eligibility and program support from last fiscal year.

Mr. Gilliland said that figure was correct and that was because the Division hired additional staff in the latter part of the current biennium to reach the current level of 1,247. There were approximately 248 intermittent employees who had been added incrementally during the last biennium. Intermittent positions were not full-time equivalent (FTE) positions, but a special category of staff. The Division used intermittent employees, as did the Department of Employment, Training and Rehabilitation (DETR), which allowed the agencies to either expand or contract staff as the caseloads expanded or contracted. When those individuals were hired it was with the understanding that continued employment depended on fluctuations that occurred within caseloads. Mr. Gilliland pointed out that page 27 of the exhibit indicated that the number of cases an individual was capable of handling was 260 cases as contrasted with the caseload of 306. As enhanced productivity was put into place, that gap would shrink. The intent was to increase productivity to the point that staff could be reduced. When that occurred, having intermittent staff allowed DWSS to reduce staff in a natural manner.

Mr. Gilliland responded to Senator Horsford's restated concern about the expenditures for program support. Mr. Gilliland explained that the total block grant in 2011 was $43.9 million, plus $700,000 in American Recovery and Reinvestment Act of 2009 (ARRA) funding, plus $3.6 million in population modifier, which totaled approximately $48 million. It was important to look at total available funding and expenditures, and Mr. Gilliland noted eligibility and program support supported not only the expenditures of the block grant but also the expenditures of maintenance of effort. He believed it was necessary to look at all the numbers in composite when comparing the dollars spent in eligibility and program support contrasted to the funds available.

Senator Horsford stated that the maintenance of effort (MOE) was the state portion that DWSS had to maintain to secure the block grant. The Subcommittee wanted to know whether the program support expenditure percentage was reasonable. He wondered about other states and the amount of resources being expended on program support versus cash assistance. He wanted a response with some analysis. Senator Horsford also stated that work support benefits were being decreased substantially, over $1 million. He knew there were not a lot of jobs available, but if DWSS did not help clients locate jobs, they would fail to secure jobs.

Senator Horsford continued by stating that child care assistance was being maintained at a flat level and believed that was another barrier to employment. Clients on TANF needed assistance as they came off the program and child care assistance was crucial.

Senator Horsford felt that a holistic view was imperative. He said the primary goal was about maintaining a level of support under those programs, but believed the approach needed to be changed. He acknowledged that under Mr. Gilliland's leadership there had been significant improvements in process and efficiency, but he still received suggestions for improvement from constituents who used the system. The suggestions could streamline the system but were not process-oriented and were focused around the client's needs. Senator Horsford suggested that while discussing funding and ways to preserve funding, the Division also needed to discuss larger problems that were not part of the budget, but were about the processes and working parts of the program.

Mr. Gilliland agreed with Senator Horsford's comments. He indicated that DWSS had reached out to other states such as Washington and Idaho to look at their best practices and agreed to research how other states dealt with program costs. He also said that when the Division attempted to improve business practices it tended to do that internally and had not necessarily reached out for constituent input. He believed there was a need to understand client perceptions and suggestions.

Senator Horsford asked whether the eligibility portion of the process was shared or integrated with the counties. There would clearly be duplication in eligibility information between several agencies.

Mr. Gilliland responded that DWSS had expanded accessibility of NOMADS to multiple additional community partners including the counties. The agency had been working with the counties on the roll-out of Access Nevada, and the application was available in those county locations. One goal was to break down the silos that existed between the state and the counties. [An information silo was a management system incapable of reciprocal operation with related management systems.] The Division would continue that effort and believed it could accomplish eligibility in a more comprehensive manner.

Senator Horsford said for example, if a participant went to Clark County Social Services and filled out eligibility paperwork, then went to DWSS to apply for TANF, would the participant again have to provide the information for the TANF application.

Mr. Gilliland stated that unfortunately the participant would have to complete two eligibility applications, one for the temporary assistance from the county and one for the sustainable assistance from the state public assistance program. There was not an integrated application available at the current time.

Senator Horsford asked why that problem could not be fixed. His view was that DWSS was spending too much money on administrative functions and case management functions. There should be a function to collect data for eligibility on one centralized form and transfer that data from one silo system to another.

Mr. Gilliland responded that the agencies had not committed to working together toward that end. He believed those interfaces were possible, and he was willing to commit to work with the larger counties in the next biennium to accomplish that goal.

Senator Horsford did not want to approve the budget until he knew there was a plan in place to work on that project because the state should not be paying for something more than once. Participants were challenged when they had five different case managers depending on how many different programs they were enrolled in, and it simply did not work. The Senator stated he did not want to spend money for a system that was not effective for the constituents. He asked for a specific plan of action, tied to the budget, which required performance outcomes and coordination with the counties before he could agree to approve the budget.

Chair Mastroluca asked about the elimination of TANF transfers to Clark and Washoe Counties for child protective programs (decision unit E665). She asked whether DWSS had discussed the loss of these funds with the counties and how their programs would be affected.

Mr. Gilliland indicated he had not discussed with the counties how the loss of that funding would affect their programs. The Director's Office had communicated to the county district attorney's offices that there would be reductions.

Chair Mastroluca moved to decision unit Enhancement (E) 737, which addressed Silver State Works.

Mr. Gilliland referred the Subcommittee to pages 17 and 18 of Exhibit C. The key to the Silver State Works (SSW) program was the review of participants within the TANF and the TANF at-risk groups based on multiple tiers. Clients would be assigned to one of three levels of work readiness:

- Tier 1 clients had complex multiple work barriers, a fragmented work history, and no clear motivation.
- Tier 2 clients needed support to become work ready, lacked ties to the work force in the last 12 months, had transferable and soft skills, and demonstrated some program compliance.
- Tier 3 clients were characterized as work ready, which was identified through a DWSS or a vocational rehabilitation assessment.

Mr. Gilliland stated that when the chart on page 17 of the exhibit was created, DWSS worked with DETR so the chart represented the needs of both organizations. Tier 3 clients would be referred to the Nevada JobConnect operating system, and also clients who were not evaluated by DWSS had the ability to register with the Nevada JobConnect system. Those individuals were confirmed as work ready and referred to employers through the JobConnect system and the use of other DETR-funded employer incentives. If for some reason the clients had difficulty obtaining employment through the Nevada JobConnect system, they could be identified as tier 2 clients who either DWSS or vocational rehabilitation would work with to identify job readiness and job placement. Tier 1 clients were clearly those who had significant barriers, such as domestic violence offenses, substance abuse problems, and other barriers that they needed help in overcoming.

Mr. Gilliland referred to the statistics on page 18 of the exhibit. There were 7,059 TANF–NEON (New Employees of Nevada) clients, and an estimated 7,000 TANF at-risk clients. Some of the TANF–NEON caseload was distributed into the following categories:

- 1,755 – Social work cases
- 1,655 – Employment
- 331 – Community service
- 247 – Vocational training
- 235 – Job search/job readiness
- 211 – Community work experience
- 9 – Subsidized employment/OJT

According to Mr. Gilliland, DWSS was developing a multitiered incentive program with employers that tailored the incentive to the needs of the employer and the client to obtain employment for tier 2 and tier 3 clients. The plan included follow-up support for the employer to help job retention that would assist the clients in self-sufficiency. About 22 percent of the TANF–NEON caseload, or 1,500 individuals, were work-ready tier 3 clients. The program was working, and DWSS was helping find employment for both tier 2 and tier 3 clients within the community.

Chair Mastroluca said it appeared that there had been a lot of work on the plan and she asked about the performance indicators.

Mr. Gilliland replied that the Division wanted to meet the 50 percent work participation rate, and the overall performance indicators for the number of jobs that would be placed though the entire program would support 3,500 to 5,000 jobs through the Division of Welfare and Supportive Services (DWSS). Funding would be contributed by both DWSS and DETR in the amount of $10 million, which would fund incentives of between $2,000 and $3,000 per placement. The key indicator was the attempt to meet the 50 percent work participation rate of the TANF–NEON clients.

Chair Mastroluca asked how DWSS had arrived at the $10 million figure.

Mr. Gilliland responded that the figure had been arrived at collaboratively between DWSS, the Director's Office, and the Department of Administration.

Senator Leslie asked whether the $10 million was for subsidies for businesses to hire TANF participants or whether it was to pay for the program.

Mr. Gilliland replied the program was designed to use 100 percent of the $10 million for subsidies to encourage incremental employment through smaller employers. It would be a subsidized work program and it could be an on-the-job training program. The program was designed to encourage long-term continuity of employment. The majority of the subsidized payments would be made in the later months rather than the earlier months to encourage employers to offer long-term rather than short-term employment.

Senator Leslie said her concern was that when the money stopped so would the jobs. She asked how that was weighed against cutting TANF benefits and all the other programs that had been discussed. She inquired whether the funding was General Fund or TANF.

Mr. Gilliland explained that the SSW program would use General Fund dollars. The intent and hope was that as clients became employed, TANF cash grants would be reduced.

Senator Leslie agreed that would be a good situation, but her experience in the past with subsidized work programs had been that when the subsidy was gone, so was the job. That really did not accomplish the goal. Senator Leslie remained skeptical about the program.

Chair Mastroluca asked Mr. Gilliland whether there were any other groups they were working with besides DETR. She wondered whether there were local agencies or nonprofit organizations that DWSS had partnered with to provide necessary training to assist in placing individuals in the workforce.

Mr. Gilliland responded that DWSS worked with multiple community partners and nonprofit groups, primarily in the area of employment work experience. For example, Opportunity Village in southern Nevada had employment work experience staff working with DWSS clients. DWSS clients had access to the services offered by the United Way, several counties, and other non-profit groups. With the assistance of those groups, a significant number of clients transitioned into full-time employment. The DWSS worked with multiple community partners and attempted to place clients in work experience hoping that with additional coaching the clients would obtain full-time employment.

Chair Mastroluca asked about the funding for the program beyond the proposed biennial budget. She asked whether the program was $10 million one-shot funding over two years.

Mr. Gilliland responded that the program was for the current biennium. They had not discussed continuity of funding beyond the current biennium. He thought one of the performance indicators should address the situation where once an individual became employed in one of those positions, DWSS would need to track the actual TANF cash savings. That would be an important measure to understand the true value of the program. There was hope and anticipation that as sustainable subsidized employment occurred, the Division could move people off the TANF cash assistance program.

Assemblywoman Carlton wanted to clarify that although DWSS was subsidizing the employment, the employer of record still had the responsibilities of an employer.

Mr. Gilliland said the intent was that the employer would be the complete employer of the individual, and DWSS would reimburse the employer for an amount that would partially subsidize the employee costs. Subsidies would range from $2,000 to $4,000, depending on the type of employee and the circumstance. There would be no subsidies higher than $4,000. The subsidy would be structured over a period of time to encourage sustainable employment with the idea that the higher subsidy amount would be paid in the later months, rather than the earlier months. The employer/employee responsibility would remain with the employer.

Assemblywoman Carlton asked how they would choose reputable employers who pay their taxes, carried workers' compensation insurance, and had correct business licensing to be part of the program. She wondered what type of eligibility would be established for the employers.

Mr. Gilliland responded that they were still developing the criteria and qualified employers would include someone who had a proper business license and had complied with the requirements of being an employer. That would be done in collaboration with DETR and the employers would be registered through JobConnect. The Division would also seek out employment opportunities with small community-based employers. One of the objectives was to find employment for individuals close to where they lived. The focus would be on the smaller employers and those employers who were willing to employ someone who might be in a tier 2 category. A tier 2 client might not be the most employable person but someone who could, with help from the employer, transition into sustainable employment. The focus on the companies that DWSS would seek out would be a little different that the companies who normally interacted with Nevada JobConnect.

Assemblywoman Carlton believed there needed to be some type of severability between the state and the employer, because if a problem developed between the employer and employee, the state should not be involved. She saw the possibility of a myriad of problems with the state being involved in the relationship between the employer and employee. That could cause serious problems.

Senator Horsford asked whether there would be a separate bill draft regarding the Silver State Works (SSW) program. There were a number of legitimate questions about SSW and they needed to be specifically spelled out. The budget process and graphs did not fully explain the process. Senator Horsford stated that he ran the culinary training academy in Las Vegas and dealt with workforce issues regularly, so he was familiar with how training grants worked. There had to be a commitment from the employers that following the subsidized employment period, there would be a job available. That was a requirement under the Workforce Investment Act of 1998 regarding individual training accounts. The employer could not receive a subsidy for the person who was being placed if there was not actually a job at the end. Also, there would have to be a guarantee that subsidies would not be used to supplant a person who already had the job.

Senator Horsford continued by pointing out that the state received federal grants through the Workforce Investment Act that provided subsidies similar to those DWSS was proposing. In addition, DETR was planning to use some of its

Career Enhancement Program dollars to support efforts of the unemployed to increase their jobs skills and obtain ongoing employment. He noted that DWSS was planning to use General Fund TANF money in a similar way. He believed that eligible clients should be directed to use the federal money first, noting that because of Nevada's high employment rate, the state received a higher formula allocation of workforce investment dollars.

Senator Horsford said that he did not believe it was a good plan to reduce cash assistance to provide subsidized employment that did not guarantee a job after the subsidy period ended. He believed it would be better to maintain cash support and offer a subsidized work plan as an additional benefit. Senator Horsford agreed with the Governor that Nevada needed to establish a work force culture so that every client who could work would find a job. Senator Horsford advised that the proper way to fund a work support program was to use the money made available by reducing spending on the duplicated eligibility processes used by local and state governments.

Michael Willden, Director, Department of Health and Human Services (DHHS), indicated to the Subcommittee that it was a joint project with DETR and local work force investment boards. He had prepared a white paper on economic development with Larry Mosley, Director of DETR and he would submit a copy to the Subcommittee. There was about $14 million of DETR money that was repackaged for the program. Existing funding streams would be repackaged to provide additional support to persons on unemployment, employer incentives to pay a portion of the employee's wage for a period of time, and incentives that employer's could earn for retaining a person in a job for a period of time. That was the basic design of the overall project. He was unclear how the Workforce Investment Act dollars would be repackaged.

In response to Senator Leslie, Mr. Willden stated that DHHS had arrived at the $10 million figure by setting a goal with Director Larry Mosley and the Governor. The goal was to secure employment for 10,000 people. Roughly half of those would come from the TANF pool of candidates, and the other half would come from the unemployed rehabilitation pool. The agencies established performance indicators for the number of referrals and how many clients would be placed in those jobs. The TANF $10 million came partially from $6.4 million of repackaged tobacco settlement dollars. The Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies suggested the repackaging of some tobacco settlement money that would have gone to the Public Health Trust Fund for tobacco cessation efforts in the fiscal year (FY) 2013 one-shot. Those had been repackaged to support the work-first initiative, Silver State Works. The remaining $3.6 million was via General Funds plugged into the budget.

Chair Mastroluca asked for a copy of the aforementioned white paper, and believed that would be very helpful to the Subcommittee. She wanted to know whether the $10 million was used for subsidies that would pay the administrative costs. The program sounded labor-intensive because the agencies would need to build relationships with employers and there would be more case management.

Mr. Willden indicated that DETR said it had staff available to undertake the employer piece of the program. That Department had staff that went out every day and worked with employers on job placements, and DETR staff would continue to do that, focusing on large employers. The DWSS had 80 staff that was either full-time employment training staff or part-time, cost-allocated staff. That staff would refocus on the SSW initiative. The $10 million in new employer incentives already had $2.7 million of client supports in place. It was a work-first approach, in an attempt to get clients back into the workforce. Mr. Willden understood that the agencies could not be 100 percent certain that employers would retain those clients after a long period of time. However, the agencies had spent extensive time studying the Texas Works model, the Georgia Works model, and the Rhode Island Works model, three models that seemed to have been successful and which the agencies had patterned Nevada's project after.

Senator Cegavske believed the concept was intriguing. She had sat for several years on the board for Opportunity Village and was aware what Opportunity Village had completed with the help of DETR and how Opportunity Village was able to provide employment for its clients; Senator Cegavske viewed it as a positive situation. The DETR had been instrumental in helping Opportunity Village, and both were excellent resources. Assisting people with their skills should also help individuals return to work. Senator Cegavske said she was excited and looked forward to the positive results of the program.

Mr. Willden thought it was important to discuss the three tiers of clients. The traditional TANF population from two or three years ago were clients who had very few work skills and many barriers to employment. Getting those clients job-ready had required a substantial amount of staff work. Some of those clients were still part of the caseload, but current caseload growth was driven by a different group. The new clients were those who had recently been laid off because of the economy and Mr. Willden believed that with a little extra assistance those clients would be the new working people. Assisting those clients also dovetailed with the income disregards programs that were currently managed in the TANF program. [According to the TANF cash assistance guidelines, income disregards were certain amounts of income that were subtracted from the filing unit's countable gross income to determine the total countable income amount. Subtracting those income disregards reduced the amount of countable income to be tested against the Benefit Standard for the household's size.] The clients would not instantly lose their TANF cash assistance or Medicaid eligibility because of the income disregards systems that were in place.

Senator Cegavske agreed with Mr. Willden that DWSS might have quite a few skilled clients who simply needed some assistance getting a new job. The DETR and Opportunity Village had already created working relationships with business partners in the community, and there were probably many practices that DWSS could mirror.

Senator Leslie asked whether a caseload reduction had been built into the budget from the jobs that should be created with Silver State Works.

Mr. Willden replied that a specific variable had not been built into the budget, but there would be a larger variable caseload reduction as employment improved in Nevada and the economy as a whole improved.

Senator Leslie opined that it was hard to take $10 million and fund something that during better times would be a great experiment. However, at the present time she looked at the $10 million and thought of the tremendous needs the Subcommittee had seen during the past weeks of budget reviews. It was very difficult to support the program without the safeguards such as the guarantee of a job when the subsidy ended. The caseload that was hard to serve would always be hard to serve. The cuts that had to be made in substance abuse and domestic violence programs to fund the work program were just too hard to make. If the SSW program had been proposed four years ago, it would have been easy to support, but because of the current economic climate it was much more difficult to support.

Senator Horsford asked about work skill assessments. The community colleges had been working on an assessment tool and he hoped agencies and staff would all be using the same tools that were industry-recognized assessments. He asked about the length of the work subsidies, what work support would be available, and whether job coaches would be necessary. He believed that clients who had not been in the workplace for several years could not be successful finding a job without coaching.

Mr. Gilliland responded that the Division of Welfare and Supportive Services (DWSS) was working closely with DETR on the assessments and would work with the community colleges. Initially it was discussed that the incentives would last about four months. The Division was considering extending that to as long as six months with the payments paid being weighted toward the back end. The incentive would also provide a higher payment for a client placed from tier 1, which was the hardest group to serve. The incentive would be lower for a tier 2 client, and a $2,000 incentive for a tier 3 client would be coordinated through DWSS work support development staff and DETR. The high end of incentives would be six months. The DWSS and the DETR Rehabilitation Division recognized that job coaches were critical to maintaining employment. The program looked at clients who had difficulty in the workforce, and if the employer's initial reaction was that it would be difficult to sustain the employment, the agencies wanted to remain available and provide support when challenges arose to help clients and employers overcome those challenges.

Senator Horsford asked about the incentive for employer's that retained employees.

Mr. Willden stated there had been discussion that after retaining an employee for a period of time, whether it was four months or six months, there would be a one-time incentive payment to the employer. Perhaps it would be a $500 bonus incentive if clients were retained for four months and a $750 bonus incentive if they were retained for six months, with perhaps an additional retention bonus if clients were retained for one year.

Senator Horsford indicated that he was open to the concept of the program and wanted it to work for the people who needed jobs. He knew the employment program was a key initiative for the Governor. However, Senator Horsford believed that rather than taking money from the General Fund that could be used for mental health, education, or another critical need, a better suggestion would be to provide a Modified Business Tax (MBT) rate to those employers who participated in the DWSS program. He suggested an alignment to the strategic proposal that cut the MBT to a lower rate of 0.5 percent, based on 2009 legislative action. That meant that larger employers would receive a tax break on the first $250,000 of the company's payroll, regardless of whether the company had hired any of those individuals that DWSS wanted to return to work.

Senator Horsford reiterated his suggestion that rather than taking the cash payment out of the General Fund to give to the employer, the benefit should be aligned with a tax credit. Employers would receive a tax credit based on permanent jobs. That concept required leadership and would require the Governor and others to contact key employers who had jobs available and tell employers how important it was for TANF clients to get back to work. Senator Horsford did not believe that getting clients back to work through a bureaucratic process would be effective. He indicated that he had worked in the workforce arena for a long time and knew that jobs came through relationships. Potential employees had to be skilled and trained, but ultimately it was about the relationship with employers that helped a person get placed. If the Governor was serious about the Silver State Works program, he would have to put his personal capital into making those jobs a reality.

Chair Mastroluca moved forward to budget account 3232, Assistance to Aged and Blind. She requested that Mr. Gilliland make a brief comment on caseload increases.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – ASSISTANCE TO AGED AND BLIND (101-3232)
BUDGET PAGE DHHS DWSS-17

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), presented budget account 3232, which was Assistance to Aged and Blind. Performance indicators for that projected caseload increases as follows: The caseload projection for aged social security recipients was 9,501 in fiscal year (FY) 2011, increasing to 9,987 in FY 2012, and 10,415 in FY 2013. The projected caseload for blind Supplemental Security Income (SSI) recipients was 705 in FY 2011, 711 in FY 2012, and 740 in FY 2013. The adult group care facility recipient's reduction was projected to be 466 in FY 2011, 388 in FY 2012 and 396 in FY 2013. In response to an inquiry from Chair Mastroluca, Mr. Gilliland stated that DWSS projected the caseload using the variables that were typically used.

Chair Mastroluca wanted information on caseload increases as the Subcommittee moved forward to budget account 3233, Field Services.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – FIELD SERVICES (101-3233)
BUDGET PAGE DHHS DWSS-20

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), presented budget account (BA) 3233, Field Services. In addressing the aggregate number of caseloads shown on the graph on page 27 of Exhibit C, the numbers depicted participants rather than cases. Based on the size of the typical family of Supplemental Nutrition Assistance Program (SNAP) clients there were typically 2.11 recipients per case. Cases serviced by year followed:

- 263,000 cases in FY 2010
- 337,000 cases in FY 2011
- 343,900 cases in FY 2012
- 362,800 cases in FY 2013

On page 27 of the exhibit, said Mr. Gilliland, DWSS portrayed the number of cases per staff which assumed a 5 percent position vacancy rate.

Chair Mastroluca asked why no additional staff had been requested with the increase in caseload. She wondered whether that was because of the Application Modernization and Productivity Services (AMPS) system.

Mr. Gilliland responded that DWSS had not requested additional staff for multiple reasons. One was to preserve funding for actual public assistance cash benefits. Another reason recognized that with 1,247 current staff members, any additions to the budget account would require additional facilities. He did not believe this was the right time to make a request of that nature. Mr. Gilliland also recognized that DWSS continued to improve efficiencies with the AMPS and Access Nevada systems. Statistics shown on page 27 of the exhibit were based on the tools that were currently in place. The DWSS would continue to explore ideas from individuals who received benefits to determine how efficiencies might be improved.

Mr. Gilliland responded to and inquiry from Chair Mastroluca and stated that the AMPS system would be fully deployed in all offices by June 30, 2011. He anticipated that DWSS would have AMPS fully in place by the end of the calendar year, but recognized that not all cases would be document-imaged by the end of the year. However, Mr. Gilliland expected that all staff members would be using the AMPS tool.

Chair Mastroluca stated that at previous Interim Finance Committee (IFC) meetings there had been significant discussion about the program, and the savings goal had been approximately $13 million annually. She wondered whether that figure was still the goal.

Mr. Gilliland replied that $13 million was calculated in the last legislative session based on savings of approximately 270 staff members. He believed that with the increases in efficiency the savings would far exceed that goal over time. He noted that savings figure was not a reduction of the current expenditure level, but cost avoidance.

Chair Mastroluca addressed performance indicators and was concerned that if performance indicators 1 and 3 were projected too low, the result could be federal penalties.

Mr. Gilliland referred to the performance indicators and said that 80 percent of the TANF cases would be processed within 45 days and 80 percent of the SNAP cases would be processed within 30 days. He did not believe that the state would be subject to federal sanctions. Mr. Gilliland thought especially in conversations with the U.S. Department of Agriculture Food and Nutrition Service (FNS) and from a SNAP perspective, the FNS was far more concerned with the Division's ability to process cases accurately that it was about the timeliness. The FNS emphasized timeliness and was working closely with DWSS on business improvements and the method by which cases were processed.

Mr. Gilliland believed the performance indicators were fairly stated and, in all probability, would not expose the state to federal sanctions. He reminded the Subcommittee that the Hamilton v. Griepentrog case was still not settled and that was always a concern. That case was about a requirement that TANF and Medicaid cases be processed within 45 days. Mr. Gilliland was unsure what the Division's exposure might be from an unfavorable decision in that case.

Chair Mastroluca inquired whether DWSS had devised any improvements or proposals to improve the case-processing time or whether the Division was going to concentrate on accuracy.

Mr. Gilliland responded that DWSS could not emphasize accuracy without also looking at timeliness, because part of processing a case accurately was the time frame in which it was processed. While he recognized there might be a need to favor one concern over another, timeliness was a consistent focus for the Division. Mr. Gilliland referenced page 23 of Exhibit C, which related to the Access Nevada and AMPS process. He mentioned that since January 1, DWSS had received 1,321 applications electronically out of the 24,000 that had been received in that time period, which was about 5.5 percent. That helped with accuracy and timeliness. The Division would establish a special unit in Las Vegas that would process all electronically submitted applications and that would help with timeliness.

Mr. Gilliland continued that for Access Nevada and AMPS to work as efficiently as possible, there needed to be recognition of the supporting infrastructure required for the advanced technology. That broke down into mainframe capacity where DWSS had been operating at near 100 percent capacity. The Division had been moving rapidly to install wireless in all district offices, and if wireless was not an option, the Division would provide higher speed network capacity. The database was from the Nevada Operations of Multi-Automated Data Systems (NOMADS), and the indexing and archiving of the NOMADS database needed to be addressed. All public assistance cases resided in the daily database in NOMADS and those cases needed to be archived and processed with the month-end processing.

Mr. Gilliland said another problem was Information Systems staff training and retention. The DWSS had been struggling both with recruiting and retaining qualified information technology (IT) staff. Several staff members had left in the past six months for job opportunities in other states primarily because of economic circumstances. From a technology perspective, the Division had to recognize that the fundamental infrastructure of the state needed to keep pace with the technology items to support enhancements to the computer systems. Additional items regarding other productivity enhancements were shown on page 24 of the exhibit.

Chair Mastroluca suggested that DWSS needed to consider the performance indicators, and if accuracy was as important as timeliness, the Division might want to consider reflecting accuracy in the performance indicators because the indicators pointed more toward timeliness than accuracy. She asked why DWSS was planning to relocate the Reno District Office and split the staff into two offices. She was also curious about why there would be a net decrease in utility costs upon closing one office and moving into two.

Mr. Gilliland referred the Subcommittee to page 22 of the exhibit, a map of greater Washoe County. The Division had determined the caseloads according to zip code. He believed the Reno office that was coming up for lease renewal at the end of June 2011 was not well positioned for serving the community. The current square footage of that office was 21,303 and the proposed two offices would total 19,202 square feet. The Division had worked with the Buildings and Grounds Division based on the square footage calculation for the number of staff who would be situated in the offices. The Buildings and Grounds Division indicated that 19,000 square feet was appropriate. The DWSS was hoping that the cost per square foot would decrease from $1.52 in rent and $.15 in utilities to approximate $1.60 per square foot for full service. The Division had not yet identified a specific location or started negotiations with a landlord.

Senator Leslie indicated she thought it was a good idea. The current Reno office was too big, with ineffectual access and parking. Senator Leslie remarked that it appeared the Division was considering an office location on Plumb Lane with another office in the vicinity of Oddie Boulevard. She asked whether both locations would provide the same services.

Mr. Gilliland replied that those were approximate locations. The offices would be divided in half and each would have an office manager and supervisors. Those offices would be tailored toward a lobby-style environment that would be conducive to electronic applications with computers available for completing applications. The Division would modify the office configuration based on "best practices."

Chair Mastroluca referred to decision unit Enhancement (E) 607, the elimination of the Northern Professional Development Center (NPDC). She asked for an explanation about how the Division would continue to provide training for staff.

Mr. Gilliland said the NPDC was primarily occupied by investigations and recovery staff, and also provided training space. Investigations and recovery staff would be collocating with the Central Office, which had been configured to accommodate that move. The training lab was probably the most important element from a training perspective. The Division had a large conference room in the Carson City District Office that could be reconfigured to accommodate training.

Chair Mastroluca requested clarification regarding the differences between the SNAP 50/50 Employment & Training (E&T) program and the SNAP 100 E&T program.

Mr. Gilliland explained the two programs were fundamentally the same to provide employment and training. The DWSS would probably have fewer employment and training classes and would have to increase the size of the classes. It could be less convenient for the clients though the Division could accommodate the same number of participants in the program.

Chair Mastroluca opened discussion regarding budget account (BA) 3238, Child Support Enforcement, and the transfer of the state share of collections for child support and administrative costs.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – CHILD SUPPORT ENFORCEMENT PROGRAM (101-3238)
BUDGET PAGE DHHS DWSS-30

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), referred to the Child Support Enforcement Program budget on page 28 of Exhibit C. He noted the source and use of funding for that budget and stated that in the past the funding had been General Fund matched with federal participation. Within the proposed budget the Division would transfer funds from budget account (BA) 3238 (Child Support Enforcement) to BA 3228 (Administration) to cover the General Fund portion and reduce the expenditures in BA 3238 to accommodate a reversion of state share of collections as General Fund in each year of the biennium. The approximate reversions in past years and projections for future years followed:

- FY 2008 – $250,000
- FY 2009 – $750,000
- FY 2011 – $825,000
- FY 2012 – $285,000
- FY 2013 – $676,000

Mr. Gilliland said the Division had transferred funding from BA 3238 to BA 3228 in fiscal year (FY) 2010 as part of the budget reduction plans as well as the ongoing $1 million in FY 2012 and FY 2013. It had an effect on the program and reduced the types of services and child support enforcement that the Division wanted to provide. It caused a loss of matching Federal Financial

Participation (FFP) funds. Mr. Gilliland pointed out that for every $1 million of reversion and use of state share of collections, DWSS lost $2 million.

Chair Mastroluca asked if the Division was able to keep the state share of collections proposed for the transfer, how the Division would use it in conjunction with the federal funds. She wondered whether DWSS would be able to keep the program.

Mr. Gilliland stated that the Child Support Enforcement Program ranking for the State of Nevada was of concern to everyone. Nevada had ranked near the bottom of all the states and territories. Looking at the elements of the rankings and paternity establishment, Nevada now ranked 18th among all the states, and had the 4th best performance improvement in the last year. In court orders the state now ranked 38th and had the highest improvement last year of all the states at 6.8 percent. Mr. Gilliland stated he would provide the exact numbers for the Subcommittee as they had only recently become available.

Mr. Gilliland continued by noting the State of Nevada had significantly improved its performance, and that had occurred through a collaborative effort between the state and the counties with significant funding enhancements. If the Division could retain those funds, the agencies would be able to better maintain the momentum that had been established in the state's performance. Nevada was one of the only states in the nation in the current economic environment that had level collections in the last federal fiscal year as compared to the prior year. The Division had improvements in almost every category and there would be a loss of momentum. If DWSS could sustain that funding, it would be able to significantly improve the performance of the program.

Senator Leslie looked forward to seeing those statistics and wondered what the overall ranking of the program was current.

Mr. Gilliland said he did not have access to the statistics but expected to have them shortly. One of the areas of most improvement was in paternity establishment for out-of-wedlock births, where the Division had been working closely with hospitals and single mothers to make sure paternity was established. There had been significant improvement from 47 percent to 63 percent. That was one of the areas that contributed to the 14 percent year-over-year improvement and the Division was now considered to be at 100 percent paternity establishment based on a mathematical calculation.

Senator Leslie commented that the Division was now eliminating the Employment Assistance Program.

Mr. Gilliland believed that in all aspects of child support enforcement, the elimination of the Employment Assistance Program was one that could be covered with other resources within the state. There were employment assistance programs through the Department of Employment, Training and Rehabilitation (DETR) to which DWSS could refer clients. The Division also had the ability in public assistance cases to use the employment assistance opportunities within its district offices.

Senator Leslie asked why the program was in place if all those resources were already available.

Mr. Gilliland responded that while there was value in employment assistance, looking at all elements of child support enforcement, he would choose enhancement of other areas of the program prior to that one.

Senator Leslie asked Mr. Gilliland to make a priority list of which programs he thought would be most helpful. She was interested in his personal opinion in case there was money available for add-backs.

Mr. Gilliland responded that in budget account 3238, decision unit Enhancement (E) 613 would eliminate one family services specialist 3 position on its Information System helpdesk, the loss of which would affect its internal partners.

Assemblywoman Smith said she was interested in how the programs might fit together. For example, Silver State Works could connect clients who were not working and unable to pay their child support to other programs where they could participate and receive help and eventually pay their child support. When she looked at performance indicators and at the percentage of child support collected as opposed to percentage owed, 2010 was actually lower than projected, though other years were higher. Assemblywoman Smith was concerned about how to connect the various programs when available staff was being cut. She invited Mr. Gilliland to research the connections and return that information to the Subcommittee. However, she asked for an immediate response on performance indicator 2, child support collected versus owed.

Mr. Gilliland agreed that performance indicator 2 was a challenge. One decision unit, Enhancement (E) 661, eliminated staff collocating with Clark County child support units. Mr. Gilliland thought that staff was primarily focused on collections and enforcement and he hoped there would be some way for Clark County to accommodate the reduction in staff, but he was certain it would reduce collections. Momentum had been built up, there were enhancements in the program, and with additional paternity establishment, improved collections would be forthcoming, but it was going to be a challenging number to meet.

Assemblywoman Smith asked for a more detailed answer about connections between other programs that Mr. Gilliland could provide at a later date. She asked whether the Child Support Collection Program had been considered when addressing the Silver State Works program. She felt that getting people to work and tying that program to others was the biggest concern.

Mr. Gilliland asked the Subcommittee to remember that in child support collections, the participants were both public assistance and nonpublic assistance cases. In child support cases approximately half of the cases were public assistance clients. He believed that through working with those individuals on public assistance, Silver State Works could enhance employment opportunities.

Assemblywoman Smith asked whether staff in various programs worked together. She wondered whether staff in the Silver State Works program was linked to staff working in child support enforcement.

Mr. Gilliland responded that one of the initially proposed reductions early in the budget consideration process was a child support representative in each of the public assistance offices. The Division eliminated that reduction because it believed that linkage was important. The Division had a child support representative in each of the larger public assistance offices to help create that connectivity and provide support for those families. The nonpublic assistance families needed to rely on the opportunities that were available through DETR.

Assemblywoman Smith indicated that she wanted to follow up and make sure there was an absolute connection. When the Division had an average of only 50 percent collection versus what was owed in that category and where so many other cuts were being made, she thought that was an area that needed to be monitored. When DWSS was able to collect child support, it would help in other programs where assistance was provided to families with children.

Senator Horsford recalled the statistic that 50 percent of those who were paying child support were on public assistance and he asked whether that was correct.

Mr. Gilliland responded that in 50 percent of child support cases, the custodial parent was on public assistance. He did not know the percentage of noncustodial parents who were on public assistance.

Senator Horsford stated that the point was about poverty. The same individuals who lacked educational opportunities also lacked employment opportunities because the resources were typically not provided in and around their communities. The same groups of individuals were affected by those decisions and budget cuts. Senator Horsford said he did not understand the strategy to move that group out of poverty by removing the Employment Assistance Program. He wondered how a person could pay child support as required if the person was not in the program receiving assistance. He did not understand why that program was targeted for reduction. A great deal of money was proposed for the Silver State Works program, but DWSS wanted to eliminate a program that could help clients secure and retain a job. Until the Division could move people out of poverty there would be continued caseload growth and increased utilization. The budget proposal would not fix the root cause of the problem, which was poverty.

Mr. Gilliland referred the Subcommittee to page 18 of Exhibit C and the Silver State Works program, which indicated that information in public assistance silo applications could not interface with each other. To have a fully effective program, the Division needed to create a single point of contact for participants that provided several elements such as job readiness and counseling, job search, employment incentive, community work experience, community service, training, child care, and child support enforcement. He believed clients needed to have a single point of contact and address the system holistically.

Chair Mastroluca reiterated that the paternity establishment program was doing better, but now DWSS was proposing the elimination of ten state positions that were collocated with the Clark County Child Support Enforcement group, which she believed would negatively affect that program. She asked how the decision had been made to eliminate positions.

Mr. Gilliland referred to page 28 of the exhibit where elimination of the Child Support Enforcement Program (CSEP) staff collocated with Clark County was listed. One of the specific responsibilities of the social service manager was federally required hospital paternity for out-of-wedlock births. In the past two years the Division had improved the percentage from 47 percent to 63 percent. The DWSS was mandated by federal policy to continue focusing on establishing paternity, but it would be combining that focus with other activities. When the Division worked on the budget with limited funding it was felt the decrease would have a lesser effect than some other choices.

Chair Mastroluca asked whether he meant the least impact on the client, the agency, or the community.

Mr. Gilliland responded that DWSS had always tried to look from the perspective of the least impact on the client and the community.

Chair Mastroluca opined that expenses were continually being pushed down to the counties with no recognition of the funding problems the counties were experiencing. She was concerned about Clark County being asked to assimilate ten child support enforcement positions. She asked whether Clark County had been contacted regarding that decision.

Mr. Gilliland responded that early in the budgeting process he had communicated with the assistant district attorney and advised her of the potential elimination of the child support enforcement positions. The assistant district attorney articulated many of the same concerns just discussed and there was concern about how the program could continue to improve with the lack of staff. The specific function of hospital paternity was something that would be assumed by the state not the county. However, the loss of positions in enforcement would certainly impinge on the Child Support Program.

Chair Mastroluca asked Mr. Ortiz of Clark County to make a brief statement.

Alex Ortiz, Department of Finance, Clark County, provided prepared testimony (Exhibit D). He stated that on page 1 some figures were incorrect and needed to be updated.

Mr. Ortiz said the Child Support Program was a federal performance-based program that was the responsibility of the state, but administered locally by the counties through interlocal agreements, from which the counties could opt out. Last year, federal fiscal year 2010, the Clark County District Attorney's Child Support Division earned $1.6 million in federal incentive dollars. As the agency's annual performance in establishing paternity and court orders and collecting child support continued to improve, so did its federal incentive funding. Cuts to that program would erode the agency's ability to earn federal funds along with its ability to serve Clark County children and families.

Mr. Ortiz continued that in the ongoing collaboration with the state to make statewide program improvements, Clark County contributed 25 percent of its annual incentive award to a statewide child support enhancement fund. In federal fiscal year 2010, Clark County contributed $422,000 for statewide child support improvements. The agency could not absorb the recommended budget cuts, nor could the county's children and families.

According to Mr. Ortiz, the Clark County Child Support Program, while utilizing 100 percent federal incentive dollars, put southern Nevadans back to work. Over the past year using earned federal incentive funding, the Clark County Family Support Division had found employment for more than 50 otherwise unemployed southern Nevadans.

Mr. Ortiz noted that in federal fiscal year 2010, the most recent numbers indicated that the Clark County District Attorney's Family Support Division collected $123,197,567, of which approximately $85 million was current support that was collected and primarily distributed directly to families. What had not been distributed directly to families had been returned to the state to fund the Child Support Program.

Regarding the recommendation to offset $1,000,000 per year of state General Fund by using child support state share of collections, Mr. Ortiz said the money could be matched at 66 percent by the federal government if used for the Child Support Program; that would cause a reduction of $2,941,176. The state had testified it would be about $2 million, but Clark County believed it would be higher. The Child Support Program historically reached more children than any other federally funded program with the exception of Medicaid, and it had a huge effect on the reduction of child poverty. Child support received by single parent families averaged 39 percent of a family's income and reduced their poverty rate by nearly 25 percent. Such dramatic reductions to the state child support budget would amount to severe reductions in state support services to Clark County's program.

Mr. Ortiz stated that the recommendation to eliminate ten full-time equivalent (FTE) positions of state child support staff collocated in the Clark County District Attorney's Office would greatly affect Clark County. By way of interlocal agreement, Clark County presently opted to manage those child support cases where the collection of money owed to the state went to the

State General Fund. When the caseload was transitioned years ago from the state to Clark County, those state full-time equivalent positions were provided to support that shift. In approximately 2008, as a result of budget cuts and cost containment, Washoe County returned the state collection cases back to the state.

Mr. Ortiz noted that in an effort to continue to serve as many of the County's children and families as possible, Clark County had not done that. In Washoe County, the State presently managed 12,561 cases with 38 FTE positions. There were no proposed cuts for those state staff. Clark County managed 39,332 state cases that had a debt owed to the state. That was over half of the agency's caseload of 77,000, which was three times that of Washoe County. Clark County had historically managed those cases while greatly understaffed with state FTE positions. To eliminate the front-line state employees working directly on enforcement cases and paternity initiatives would contribute to $12.1 million dollars in lost current child support collections annually and approximately $17.57 million annually in total collections lost when adding in the arrears collections as well. Further, given lesser performance in child support collections, that would also amount to a significant monetary loss of federal incentive money with which to run that vital program. That was lost revenue for the state, Clark County, and children and families.

In addition to the economics involved, Mr. Ortiz said the budget proposal would become a workload problem for Clark County case managers whose caseloads presently exceeded 1,150 cases per enforcement worker. The proposal would significantly increase those caseloads by hundreds of cases per case manager, resulting in less time for case managers to spend on their caseloads, thereby negatively affecting the ability to collect much needed child support. Even though the state believed Clark County child enforcement staff could meet performance indicator 2, Mr. Ortiz was not sure the agency could with the increased caseloads.

Mr. Ortiz stated that the staff elimination recommendation completely eradicated Clark County's ability to assist unemployed noncustodial parents in need of training, education, and employment services to maximize the clients' ability to pay their child support obligations. If the budget recommendation was approved, there would no longer be a vehicle toward which the Child Support Program could steer noncustodial parents who needed job-services assistance to pay their child support. It was possible that the cut could be mitigated by the Silver State Works program proposed by the Governor. Clark County, through the District Attorney's Child Support Program, should have the ability to refer unemployed noncustodial parents into that job-training program if authorized by the Legislature. However, the Child Support Program did not have access to that state program.

Mr. Ortiz stated that child support was a revenue-generating program. Revenue was generated for the state, support was collected that sustained children in Clark County, and federal funding was generated that employed citizens and supplemented the program in Clark County. Furthermore, child support collections significantly reduced the state and local costs of providing cash assistance to single parent families. The effect of the budget recommendations was far greater than simply line items on a budget page. It would reduce child support staff's ability to serve the children and families of Clark County.

Mr. Ortiz said the current support collections distributed in Nevada went from 48.05 percent to 49 percent since federal fiscal year 2009. Only 23 states or territories had increased. The paternity establishment rate in Nevada rose by approximately 4.7 percent from federal fiscal year 2009 to federal fiscal year 2010. The court-ordered establishment rate for child support in Nevada went from 69.7 percent to 76.48 percent, and Mr. Ortiz pointed out that was the biggest one-year gain in the country. The collection arrears cases in Nevada went from 51.8 percent to 56.8 percent, which was the second highest one-year gain in any state or territory. The proposed budget cuts would not just slow progress, said Mr. Ortiz, but would completely stop progress.

Chair Mastroluca asked how many of the ten positions Clark County would be able to absorb and fill.

Mr. Ortiz did not believe Clark County could absorb any positions. The County had approximately seven teams that worked in the Child Enforcement Program. Eliminating the ten positions would eliminate one of the teams. That entire caseload would have to be integrated into the other teams, which would create staggering caseload numbers for those teams.

Senator Horsford asked whether Clark County had been notified or contacted by the Budget Division or anyone else about that proposal before it was made.

Mr. Ortiz replied that it was his understanding that DWSS had contacted the Clark County District Attorney's Office; but he had not been privy to the details of that discussion.

Chair Mastroluca expressed concern about the loss of positions and possible federal sanctions for not being able to keep up with responsibilities.

Mr. Gilliland believed that the Division could act without federal sanctions, but it was always cognizant of the possibility. Clark County was one of ten counties that participated in the Child Support Enforcement Program; it participated in every element of the program, which not all counties did. There were approximately 240 Clark County employees working within the program, and the 10 state employees would be less than a 5 percent reduction. He hoped Clark County would be able to rebalance its operation, but he expected there would be a reduction in the outcomes similar to the state's experience because of furloughs over the last two years.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – CHILD SUPPORT FEDERAL REIMBURSEMENT (101-3239)
BUDGET PAGE DHHS DWSS-39

Chair Mastroluca referred to budget account (BA) 3239, Child Support Federal Reimbursement, and pointed out that the American Recovery and Reinvestment Act of 2009 (ARRA) funds would be ending in that account.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – CHILD ASSISTANCE AND DEVELOPMENT-(101-3267)
BUDGET PAGE DHHS DWSS-42

Chair Mastroluca continued with budget account (BA) 3267, Child Assistance and Development. She asked Mr. Gilliland to address the reduction of General Funds in that account, which she believed was about 69 percent.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), replied DWSS had reduced the funds from approximately $7 million to approximately $2.6 million, and that represented the minimum mandated maintenance of effort (MOE) requirement. To qualify for all available federal funding DWSS looked at a certified match. Those were other funds that were expended by state or community partners for the purpose of child care that could be used to match federal funding.

Chair Mastroluca stated that it appeared there would be a monthly average of over 1,100 children who would not be served.

Mr. Gilliland agreed and calculated that a $5 million per year reduction at an average of $345 per case per month would be approximately 1,100 children a month that would go without service.

Senator Horsford disclosed that he was an elected member of the Board of the Urban League of Las Vegas, which received a grant, but he had no interest in it. He indicated that the grant also included the Children's Cabinet of Northern Nevada which was supported by the state's first lady. Senator Horsford stated he was extremely concerned about the 70 percent reduction in General Fund support for child care assistance. That program provided subsidies to small businesses. He wondered how a low-income person who could barely make ends meet, could afford child care payments and how private child care providers would be influenced.

Mr. Gilliland referenced page 33 of Exhibit C that showed a visual representation of the drop-off that would occur in the child care population served. That had been a difficult decision in the construction of the budget, and DWSS had hoped there would be additional federal funding available for the program. In the 2011 federal proposed budget, an additional $14 million would have been available that would have bridged the gap. Unfortunately through the continuing resolution process, that additional funding would not be available to the State of Nevada. There was the possibility of increased funding in federal fiscal year 2012, but it was uncertain.

Mr. Gilliland referred to page 36 which showed a 25 percent reduction in overall funding. That reduction was not just through General Fund but elimination of federal funding as well. Mr. Gilliland had talked with the subcontractors they worked with such as the Urban League as well as the Children's Cabinet about how to accommodate that reduction. There were no solutions as yet, but if the budget was approved as it had been presented, there would be substantial reductions in the number of children who were served through the child care community.

Senator Horsford stated it had been a policy decision to reduce up to 70 percent of General Fund to basically meet the minimum MOE to keep the federal match. Though he realized that while DWSS had a budget target to meet, it was the Division's decision to make the enormous cut to this program.

Mr. Gilliland indicated that he understood Senator Horsford's statement. He stated that when DWSS made budget decisions, it had considered the possibilities of restoring some opportunities in the budget, but this program was not one that was selected for the partial restoration that occurred between the initial agency-submitted budget and the Governor's recommended budget.

Senator Horsford responded that the cut would hurt child care providers and low-income parents who would not receive the benefit. It would put more parents on a waiting list and put children in danger. He wondered where children would go during the day if they were not in child care. He believed this was not well structured and he did not understand the justification for it. Senator Horsford thought the decision showed callous disregard for low-income families who were struggling, and he asked about the number of families who would be put on waiting lists.

Mr. Gilliland responded that there would be 3,309 children at the end of the biennium who would be on a waiting list from a DWSS projected total of 10,206 eligible participants.

Senator Leslie asked whether waiting lists were broken down by New Employees of Nevada (NEON) program, at-risk, and discretionary categories.

Mr. Gilliland replied that NEON did not have a waiting list. The at-risk category did not have a waiting list today, and the waiting list was entirely in the discretionary category. At the end of the biennium there was a possibility, depending on the mix of children, that there could be a partial waiting list in the at-risk category. He hoped that if the budget was approved as it was that there would not be a dramatic drop-off beginning July 1, and that instead there would be a gradual reduction not as dramatic as the graph on page 33 of the exhibit portrayed.

Mr. Gilliland responded to an inquiry from Senator Leslie regarding the American Recovery and Reinvestment Act of 2009 (ARRA) funding. He referenced page 36 of Exhibit C that showed the source of funds of $8.4 million in fiscal year (FY) 2010 and $5.9 million in FY 2011. He agreed that ARRA funds had helped the program substantially. General Funds were $8.5 million in FY 2010, $7.7 million in FY 2011, $2.6 million in FY 2012, and $2.6 million in FY 2013.

Senator Leslie wanted to state for the record that the state could not cut child care assistance and expect people to go back to work without knowing their children were safe. The budget item reaffirmed Senator Leslie's objection to spending $10 million for the Silver State Works program.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-WELFARE – ENERGY ASSISTANCE PROGRAM (101-4862)
BUDGET PAGE DHHS DWSS-49

Chair Mastroluca referred to the last budget account (BA) 4862, the Energy Assistance Program. She noted that it appeared there was a recommendation for a decrease in funding of $11.2 million.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), stated there was a reduction in the federal Low Income Home Energy Assistance Program (LIHEA) funding projected for the next two years of approximately $11 million. Pages 37 and 38 of Exhibit C showed the two sources of funding for the program. The universal energy charge, which represented approximately $8.7 million per year, was declining slightly year-over-year based on projections from the Public Utilities Commission (PUC) of Nevada. The second source was federal LIHEA funding which would be $15.6 million for the current year. Page 37 of the exhibit showed that the projected eligible population for LIHEA was 34,115 families in fiscal year (FY) 2012 and 35,953 families in FY 2013. The initial anticipated reduction would underserve 11,000 families per year based on what was requested from LIHEA funding. Unfortunately, more recent information from the federal government anticipated a further reduction in the LIHEA funding from approximately $10 million per year to a level of approximately $4 million per year. Based on the most recent information regarding LIHEA funding, projections for funding were lowered to 15,000 families in FY 2012 and 17,000 families in FY 2013. Funding had been relatively erratic from the federal government and had increased or decreased without much advanced notice. The current best information was that available LIHEA funding would be $4 million.

Chair Mastroluca asked what figure the current budget was based on and when the Division would know the final figure for certain.

Mr. Gilliland responded that the budget was based on $10 million in federal funding per year. The Division would not know the final figure until the federal budget for 2012 and 2013 had been adopted, which would not be until late summer at the earliest.

Chair Mastroluca asked about the creation of a contingency plan. Mr. Gilliland replied that DWSS was working with the Energy Advisory Council and had asked what the lowest meaningful subsidy would be. The DWSS would probably endorse the lowest meaningful subsidy, recognizing that there would be a significant number of families that would not be served. Even at the $10 million level the Division would be facing that probability. The current plan was to open application acceptance for a 30-day period, close it until DWSS was sure that the next funding was available, and then open it again for a 30-day period. There would be periods of time when applications for energy assistance would not be accepted.

Chair Mastroluca asked how many applications were received in fiscal year (FY) 2010 compared to how many were actually funded.

Mr. Gilliland replied that in FY 2010 the Division was able to fund 100 percent of the eligible applications. He did not know the actual number of applications received but would provide that information.

Mr. Gilliland responded to an inquiry from Chair Mastroluca and said that the 34,115 families for FY 2012 and the 35,953 families for FY 2013 were projections based on the total number of eligible families who could submit applications. When DWSS built the budget and proposed serving 22,000 families in FY 2012 and 24,000 families in FY 2013 that was based on the reduction of the average benefit to $732 and the number of families the Division would be able to serve out of the projected number of eligible recipients. The calculated number of 11,184 families who could not be served was based on an average benefit of $732.

Responding to Chair Mastroluca, Mr. Gilliland explained DWSS had two types of staff within the program, state staff and contract staff. There would be a proportionate number of contract staff reduced through the process.

Chair Mastroluca said there were those who wished to add public comment on the budget and she invited Paula Berkley to the podium.

Paula Berkley, representing the Food Bank of Northern Nevada, submitted Exhibit E and Exhibit F. Ms. Berkley said that in the interest of time she would save her remarks for another day.

John Sasser said he represented Washoe Legal Services and the Legal Aid Center of Southern Nevada. He provided written testimony (Exhibit G). Mr. Sasser was extremely concerned about elimination of the loan program. The Temporary Assistance for Needy Families (TANF) Loan Program had come into being as a response to the work participation requirements of the federal government. The state created a way to meet those percentage requirements by allowing disabled mothers with dependents to receive a loan from the state that could be repaid when Supplemental Security Income (SSI) disability checks were received. Because it was a loan instead of a grant it did not count in the work participation rate.

Mr. Sasser stated that elimination of the loan program would put those 500 to 700 mothers into the regular program knowing they would fail because they could not meet the work participation requirements, and they would lose the grants for themselves and their families. The approach taken by former Governor Guinn was to fund above and beyond the TANF block grant and increase eligibility by allowing people on unemployment compensation to discount that income in seeking TANF eligibility. In 2003 Governor Guinn asked for an increase in taxes to fund those programs. The current administration had an incredibly different response to the same situation, a recession, and lack of funding. In the interest of time, Mr. Sasser indicated that his testimony regarding the other problems he wished to discuss could be read at a later time by the Subcommittee.

Chair Mastroluca asked Mr. Gilliland to address Mr. Sasser's comments. Mr. Gilliland responded that as the budget was constructed, it assumed elimination of the TANF Loan Program. There were considerations from public policy or federal policy whether or not DWSS could or should have cash grants for those individuals. As the budget was developed, it was also assumed that cash grants would no longer be available.

Senator Leslie wanted to know what the consequence of the program elimination would be in real-life terms. Mr. Gilliland responded that over a period of time participants would be transitioned off the cash grant and that resource would no longer be available. In real-life terms it would be devastating for those families.

Jamie Burnett, Program Director of Child Care Resource and Referral Services for the Children's Cabinet provided written testimony (Exhibit H). She supported putting clients back to work, though a primary component of going to work was child care. Child care was the number one work support for families. When parents had affordable and reliable child care, productivity increased, they were more likely to maintain their employment, and they missed fewer work days. Stable child care arrangements stabilized employment and benefitted employers by reducing turnover. The average cost of replacing an $8 an hour job was $9,000. A lack of affordable child care could mean that a parent could be forced to choose child care that was less reliable and of lesser quality. Parents might choose staying home over employment thereby increasing participation in welfare programs. Ms. Burnett stated that when DWSS reduced the availability of subsidized child care to low-income families that reduced their access to high quality services. The same child care services that were available to higher income families that supported a child's health development and readiness for school should be available to lower-income families.

Senator Leslie asked Ms. Burnett how many people would be laid off at the Child Care Resource Council if the current budget passed. Ms. Burnett was unsure, but suggested the Council might have to give up some other services to keep the staff employed.

Sue Meuschke, Executive Director of the Nevada Network against Domestic Violence, submitted her testimony (Exhibit I) along with support letters, from the executive director of Harbor House and the executive director of Safe Nest. She also submitted the fiscal year (FY) 2010 statistical report of the types and numbers of clients served.

Ms. Meuschke said she was representing 15 community-based programs and 37,000 individuals who understood the critical need for support and assistance in times of crisis. The reason domestic violence grants existed was because there were very unique barriers facing victims of domestic violence who went into the TANF system. Between 15 percent and 56 percent of all TANF recipients were either current or former victims of domestic violence. There was a nexus between violence and poverty. It was very difficult for poor women who were being battered to move from welfare to work. Those women needed support, they needed assistance, and that was what those programs were there to do. If grants were cut by half, particularly in some of the rural communities, it would cut the staff by half, going from four to two persons. That was not big based on numbers, but it was for outcomes in the community. Ms. Meuschke emphasized that the TANF program was vitally important in the lives of victims of domestic violence. Those grants helped to get clients through the system and safely to the other side.

Senator Leslie asked whether any rural shelters were at risk of closing completely. Ms. Meuschke responded that none were at risk of closing completely at the present time, but if other cuts continued there were programs that were on the edge.

Marlene Lockard testified on behalf of the Nevada Women's Lobby. She expressed sorrow at seeing so much of what the Women's Lobby and many of the others in the room had worked so hard to put into place eroded, budget line by budget line. She suggested that some cuts were not going back just a few years, but rather were going back to the days when there was no child support for women or day care assistance. Everyone had worked over the years to fix those problems and lend a helping hand. The Woman's Lobby tried to lift people from poverty. Ms. Lockard envisioned a blackboard that showed that for every budget cut there was another dimension that passed down to another level of society by putting another person out of work, or by taking food stamps or assistance away. The current budget was taking the state backwards, not by just a few years, but by decades.

Jan Gilbert, representing the Progressive Leadership Alliance of Nevada, discussed energy assistance that was provided to seniors, the disabled, and children. The numbers were staggering and the waiting lists did not reflect the real need in the community. Ms. Gilbert urged the Subcommittee to listen to Paula Berkley of the Food Bank of Northern Nevada. The Food Bank was the last line of defense for people who needed to eat. It was the most amazing program in the state.

Paula Berkley, representing the Food Bank of Northern Nevada, referred the Subcommittee to Exhibit F. The state invested $15 million for administration of the Supplemental Nutrition Assistance Program (SNAP) that had a 50/50 match from the federal government, which gained $13,804,806 in federal funding. The state's $15 million investment also generated $381,588,593 in food stamp benefits for the current fiscal year. Ms. Berkley said there was a $139 million increase from last year in SNAP dollars spent in Nevada. She believed that increasing SNAP benefit participation had brought an additional $257,102,067 to Nevada over the past four years. That would make it a billion dollar business that the state funded through a $15 million investment.

Ms. Berkley stated that Nevada was ranked 47th in the nation for SNAP participation in 2008. There was an increase of SNAP participation by 45 percent. She did not have the current data for eligible participants because the population of those who were eligible increased and higher unemployment made more participants eligible. With 100 percent participation, there would be eligibility for more federal funding.

Ms. Berkley reminded the Subcommittee that food was the most basic of necessities. Work and child care came after food in priority. Addressing the poverty problem was addressing the SNAP problem, and the state needed to tap every available funding source. The other perspective was the return on the $15 million investment.

Ms. Berkley stated that the Food Bank had been conducting food stamp outreach for four years with DWSS as a trusted partner. Last year the Food Bank completed 5,492 SNAP applications for the state. Because SNAP applications often took two trips into the welfare office, she believed her agency had saved 10,984 visits to the welfare office. The Food Bank brought $13.5 million in SNAP benefits to Nevada with a fiscal impact of another $24 million. The Food Bank received $139,000 in tobacco funds that were matched by federal funds. With a staff of 5.5, the Food Bank accounted for 25 percent of all applications and food stamp participation in Washoe County. Public and private partnerships meant that they could affect the poverty rate in Nevada and be more effective if the state could continue to broaden those programs.

[Shawn Lecker-Pomaville, CEO of Nevada Volunteers, submitted written testimony, Exhibit J, which was made part of the record. Erick Alcantar, an AmeriCorps member, submitted written testimony, Exhibit K, which was made part of the record.]

With no further business to come before the Subcommittee, Chair Mastroluca adjourned the meeting at 11:12 a.m.

RESPECTFULLY SUBMITTED:

Tenna Herman
Committee Secretary

APPROVED BY:

April Mastroluca

Assemblywoman April Mastroluca, Chair

DATE:

Senator Sheila Leslie, Chair

DATE:

EXHIBITS

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

Date: March 18, 2011 **Time of Meeting: 8:05 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Romaine Gilliland, Administrator, DWSS	DWSS Budget Supplemental Information
	D	Alex Ortiz, Clark County	Testimony from Clark County
	E	Paula Berkley, Food Bank of Northern Nevada	Letters from 2009 Legislature to DWSS
	F	Paula Berkley, Food Bank of Northern Nevada	Fiscal Impact of SNAP Participation
	G	John L Sasser, Esq., Legal Services	Written testimony.
	H	Jamie Burnett, Program Director, Children's Cabinet	Written testimony.
	I	Susan Meuschke, Nevada Network Against Domestic Violence	Written testimony
	J	Shawn Lecker-Pomaville, CEO, Nevada Volunteers-AmeriCorps	Nevada Volunteers - AmeriCorps
	K	Erick Alcantar, Member, AmeriCorps	Written testimony.