

**MINUTES OF THE  
SENATE SELECT COMMITTEE ON ECONOMIC GROWTH AND EMPLOYMENT**

**Seventy-sixth Session  
February 28, 2011**

The Senate Select Committee on Economic Growth and Employment was called to order by Chair Ruben J. Kihuen at 1:05 p.m. on Monday, February 28, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Ruben J. Kihuen, Chair  
Senator John J. Lee, Vice Chair  
Senator Valerie Wiener  
Senator Mark A. Manendo  
Senator Don Gustavson  
Senator Greg Brower

**COMMITTEE MEMBERS ABSENT:**

Senator Ben Kieckhefer (Excused)

**STAFF MEMBERS PRESENT:**

Kelly Gregory, Policy Analyst  
Bryan Fernley-Gonzalez, Counsel  
Debra Carmichael, Committee Secretary

**OTHERS PRESENT:**

Larry Mosley, Director, Department of Employment, Training and Rehabilitation  
Mike Willden, Director, Department of Health and Human Services  
Ardell Galbreth, Director of Systems Analysis and Operational Alignment,  
Workforce Connections  
Renee Olson, Chief Financial Officer, Department of Employment, Training and  
Rehabilitation

Cynthia Jones, Administrator, Employment Security Division, Department of  
Employment, Training and Rehabilitation  
Lynda Parven, Deputy Administrator South, Employment Security Division,  
Department of Employment, Training and Rehabilitation  
Tom Fitzgerald, CEO, Nevadaworks  
David Jefferson, Chief Operating Officer, Workforce Connections

LARRY MOSLEY (Director, Department of Employment, Training and  
Rehabilitation):

Our mission statement ([Exhibit C](#)) shows us in a collaborative effort with the Governor's Workforce Investment Board (GWIB), Department of Employment, Training and Rehabilitation (DETR); the Commission on Economic Development (CED); the Department of Education; the Department of Health and Human Services (DHHS); employers, trade and apprenticeship organizations and other stakeholders. The DETR is developing a trained workforce that enhances Nevada's economic stability and growth. In the last year, we have strategically worked in partnership with the CED to align the workforce and tear down "silos" to help the State.

Governor Sandoval's workforce initiative, the Silver State Works (SSW) will be in effect July 1, 2011. It is an umbrella employment and training initiative, in collaboration with the workforce investment system partners that includes local workforce investment boards, DHHS, the Department of Corrections, CED and veterans. Our objective is to develop a seamless service-delivery strategy. Silver State Works seeks to expedite the return to work of specific populations of job seekers in targeted sectors and provide employers with suitable and skilled workers. The DETR is redirecting \$4.6 million of existing client service funds for each year of the biennium and will administer the initiative with existing staff resources that will be available July 1, 2011. The collective goal with all the partner programs is to place 10,000 workers in these programs by the end of fiscal year (FY) 2013.

Silver State Works is an integrated, employer-focused initiative that targets Temporary Assistance for Needy Families (TANF) and candidates at-risk of becoming dependent on TANF; persons with disabilities; veterans; ex-offenders as they reenter mainstream society; unemployment insurance recipients and youth ages 19-21 who are eligible for services as defined in the Workforce Investment Act of 1998 (WIA). Silver State Works is the outcome of

benchmarking best practices of several states' on-the-job training (OJT) programs.

MIKE WILLDEN (Director, Department of Health and Human Services):

Governor Sandoval has designated \$6 million in FY 2012 and \$4 million in FY 2013 from the General Fund to support DHHS's Welfare Division's efforts to get TANF persons and TANF people at risk back to work. Every person in the TANF program is assessed for work-mandatory eligibility. We have 7,500 work-mandatory parents in the TANF program. We use the TANF block grant or General Fund dollars to help families with employment and training issues. There has not been enough money in the TANF block grant. Working with Governor Sandoval, we reallocated \$6.4 million tobacco-settlement dollars and \$3.6 million of General Fund money to make up the TANF funding. Our goal is to have 10,000 workers in these programs employed by the end of FY 2013. We spend about \$1.8 million a year on employment and training related activities. So, \$10 million will more than double our effort to get people employed. Getting Nevadans back to work is the number 1 priority, and reallocating tobacco dollars for this is a better use.

MR. MOSLEY:

When I first came to the State, there were a number of "silos" and agencies doing duplicate functions. Budgets were not strategically aligned within the State and the partners. The biggest partner in the workforce-delivery system is the GWIB. The funding for the GWIB is formula-driven and, it is imperative to have a strategic relationship and alignment. The GWIB has been working in compliance with S.B. No. 239 of the 75th Session.

ARDELL GALBRETH (Director of Systems Analysis and Operational Alignment, Workforce Connections):

Our initiatives align with the Governor's direction on workforce development. Working closely with the DETR, we have established a comprehensive one-stop center in southern Nevada. We have programs and systems targeting veterans, ex-offenders, those hard-to-serve and the underserved. Workforce Connections supports the work-first viewpoint outlined in SSW. Workforce Connections works with businesses and executes OJT contracts and plans to expand our reach with SSW, through the GWIB's discretionary funds. This program year, we have expended \$1.6 million on OJT programs and placed 533 individuals in jobs. We are partners with the State and local governments such as the counties and cities in southern Nevada. Our focus is on sector initiative high

growth, workforce and employment areas such as health care, manufacturing and green or renewable energy. We are right on target with the State's workforce culture that allows us to train people to meet the job market demands and get them jobs so they become self-sufficient.

We have some tough challenges as we proceed with our workforce initiative this year, as we expect to hear about a rescission of 2009's unallocated and unexpended funds. We are bracing for deep cuts in future workforce-development funding and are working very hard with DETR and other agencies to focus on job development and getting Nevadans back to work.

SENATOR WIENER:

What is your funding cycle? Do you have the opportunity to spend the dollars that will be rescinded?

RENEE OLSON (Chief Financial Officer, Department of Employment, Training and Rehabilitation):

The federal funds have a three-year life cycle. Each year, starting in April, we get our first allotment of funds. The funds that may be rescinded are for current year funding. We have expended, but not obligated, more than half, and in April, we will get the new grant funding. They are talking about rescinding a portion of the old grant funding that has been available about a year.

SENATOR WIENER:

Would half of the money be for 2010 and 2011 and end in April?

MISS OLSON:

The funding I am referring to started last year in April, and we received allotments throughout the year. They are looking at what we reported obligated as of last July. Since that time, we have expended and obligated additional funding. They have not given us a number yet as to how much they will rescind.

SENATOR WIENER:

When you received the rescission notice, was the expectation you would not obligate or expend any more after the date of the rescission?

MISS OLSON:

We have not received an exact stop spending-the-money notification. They have proposed a rescission, but we do not know if it is official. We have obligated the funds through contracts and boards at the local State levels. They are looking at reports from July, which is old data. We expect to provide current information, hoping they will take it into consideration when they calculate the rescission.

SENATOR WIENER:

Do you anticipate the impact to be from the 2011- 2012 funding cycle? Is there information about what they expect you to do with the final-year funding?

MISS OLSON:

The funding is not spent equally across the three years. We have already spent the majority of the money. We do not have enough information yet to tell you a dollar amount or how much it will affect us.

SENATOR WIENER:

Is it possible, because of the unknowns, that we have nothing to spend for the remaining three-year cycle?

MISS OLSON:

We have already obligated the funding. When the rescission occurs, we communicate how the rescission affects the different funding streams to the local boards. Then the boards look at their obligated contracts.

CYNTHIA JONES (Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation):

There is conversation at the federal level regarding rescissions and the possible nonfunding of the program year. There are misperceptions that there is a lot of money in the system, because they are not seeing the draw-downs lining up with what is obligated. We have worked with the federal government very closely about setting a time of potential rescission. They are aware of the impact on the State, and we do our best to minimize the impact on our partner programs, providers and workforce. The states are working closely with the U.S. Department of Labor (USDOL) to provide information. If they are looking into a 2009 rescission, there is still some 2010 money in the system, so we do have some carry-over. It is a forward-funding situation. I am hopeful that we will end up with something. There is a perception that there is enough

carry-forward in all the states to sustain the programs through the next program year. I expect there will be significant negotiations and compromises at the federal level.

SENATOR WIENER:

Please keep us closely informed, as these dollars really maximize resources for what we want to accomplish as we move forward on policy considerations.

MR. MOSLEY:

The SSW concept has three fundamental programs. A lot of it came from benchmarking that we did with "Georgia Works" and the "Texas Back to Work" models. One model was incentive-based and the other driven by unemployment insurance (UI).

LYNDA PARVEN (Deputy Administrator South, Employment Security Division, Department of Employment, Training and Rehabilitation):

There are three components, [Exhibit C](#), pages 8, 9 and 10, to the SSW available to employers and job seekers. The first one is the Employer-Based Training Program based on the "Georgia Works" model. It allows laid-off workers who qualify for UI benefits to receive on-site training and regular UI benefits simultaneously. This component provides a \$200 training allowance for every two weeks completed with a \$600 maximum. This benefit for UI claimants of \$600 does not count against their UI. There is no liability to the employer, as workers' compensation costs are covered by the program. Participants are required to work 24 hours a week up to 6 weeks while continuing a regular work search. They may pursue a training opportunity already offered by an employer or find an interested employer on their own. Employers are encouraged to hire trainees as a condition of participation in SSW.

The second component is the Employer-Incentive Job Program. This program supplements wages of a new employee for the employer. Although the focus of SSW is high growth and/or high demand occupations, any business that meets the requirements is encouraged to participate. Employer eligibility criteria include an established, verified, paid-to-date UI account and a valid business license, if required. The employer must enter into a contract which establishes wages, number of hours needed to master the primary task, maximum amount of reimbursement, contract length and method of reimbursement.

The third component is Incentive-Based Employment, which supports employers who hire and retain eligible workers in full-time employment of 30 hours or more per week. The program reimburses a portion of the wages to offset costs of training and employee development. Upon completion of certain requirements, the employer may receive a wage-retention supplement of up to \$2,000, payable in increments after each 30 days of successful employment, not to exceed 120 days. In some cases, the incentive could be higher depending upon job readiness levels and the amount of resources required to train the participant.

Each of the components is available to employers to determine what best meets their business models. All of the agencies involved would insure that the job seekers are assessed and make appropriate referrals to the opportunities available in the three components.

MR. MOSLEY:

There has been a tremendous amount of work accomplished by our staff in a short period of time. The DETR has been looking at a variety of OJT programs and benchmarking them in the previous year. The beta rollout will be in July as we will have a better handle on the funding. We want to solicit ideas from the Legislature about what can be included. We have taken the best practices from the "Georgia Works" and the "Texas Back to Work" programs. Providing funding from the different boards and redirecting it is how we are coming up with \$7 million. This is not new money; it is redirected money. This initiative will be administered by the existing staff.

SENATOR WIENER:

What is the Employer-Incentive Job Program based on?

MISS PARVEN:

The Employer-Incentive Job Program is what used to be the OJT Program through the Employment Security Division of DETR.

TOM FITZGERALD (CEO, Nevadaworks):

We are the local workforce board in northern Nevada. Under WIA Nevadaworks (NW) is one of two local workforce boards in the State. All of our funding comes from the USDOL and is divided up between the two boards and the GWIB by federal formulas. The majority of our board must be from the business community, and we have some mandated partners which gives us a board of

35 individuals. The board sets the policies for how it will implement the requirements of the act. The staff at NW carries out the policies and the mandates of the law, such as making sure the funds to our providers get expended properly. All information about NW is available at < <http://www.nevadaworks.com> > . Thousands of individuals have been helped, directly or indirectly.

SENATOR BROWER:  
How do you help the individuals?

MR. FITZGERALD:  
Nevadaworks is the funding agency that acts as the administrative agency for the funds. When all the investment act money is "siloed," NW issues requests for proposals. Individual training organizations submit proposals for consideration by the board. If the board approves, we enter into contract negotiations with the training organizations. Training providers must be on the State-approved training provider list that is maintained by DETR. On the contract, training providers will state how many individuals they will help and what types of skills and assessments are needed. The providers who have contracts will spend the money and then prove to NW the money was spent in compliance with the contract. Then they get reimbursed. Often, the unemployed have poor work skill sets. Many can not use a computer, and one would think in today's society that would be a given. Almost every job requires online submission of job applications through a Website. Much of the money is going to computer training.

The law is written so those chronically unemployed and at the bottom of the economic scale get the most help. But unemployed people with more skills do not receive as much help or skill upgrading. It has been an interesting balance trying to help individuals.

SENATOR BROWER:  
Can you give an example of an agency that has taken advantage of the funding and what type of training the agency provided?

MR. FITZGERALD:  
ProNet focuses on helping unemployed middle- and upper-level management individuals. Many of these people had jobs for 10 to 20 years before becoming unemployed. ProNet has a great relationship with area employers and works



with them to fill their needs. The success rate is between 20 percent and 40 percent getting jobs.

SENATOR BROWER:  
Does ProNet charge the individuals?

MR. FITZGERALD:  
Neither individuals seeking jobs nor employers are charged for services by our providers.

SENATOR BROWER:  
Are you, your staff and operations paid for by USDOL funds?

MR. FITZGERALD:  
Yes.

SENATOR BROWER:  
Can you tell us the annual amount that comes from the USDOL for your program in Nevada?

MR. FITZGERALD:  
Nevadaworks received \$4.2 million in formula funds in 2008. In 2009, the formula funds went up, and then we received the stimulus money totaling \$15 million.

SENATOR BROWER:  
Does every state have a program like NW?

MR. FITZGERALD:  
There are about 600 local workforce investment boards throughout the United States. Not only does every state have one, but for instance, California has 52 boards.

SENATOR BROWER:  
To whom do you report?

MR. FITZGERALD:  
I report directly to my board. There are 13 county commissioners on the board, and they approve everything.

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SENATOR BROWER:

How many employees does NW have?

MR. FITZGERALD:

We currently have ten and one-half positions.

CHAIR KIHUEN:

Do 100 percent of your funds come from the federal government?

MR. FITZGERALD:

Yes.

SENATOR MANENDO:

Who would be your counterpart in southern Nevada?

MR. FITZGERALD:

The Workforce Connections Board is our counterpart in southern Nevada.

SENATOR MANENDO:

Are they 100 percent federally funded also?

MR. FITZGERALD:

I do not know, but Ardell Galbreth can answer that question. Because of their size, they will get the bulk of the federal funds which enables them to seek other grants. The difference in the business community creates opportunities we do not have in the north.

SENATOR MANENDO:

What is the age range for people who do not have computer skills?

MR. FITZGERALD:

The age range is 20 to 70 years old. We are stunned the younger people do not have these skills. Texting and playing video games does not make them computer literate.

CHAIR KIHUEN:

Is the lack of computer skills tied to the socioeconomic status of an individual?

MR. FITZGERALD:

Yes and no. Some individuals were questioned about their lack of computer skills. When checking their work history, it was discovered they only performed data entry on the same screen, had no other computer knowledge and did not seek additional skills.

DAVID JEFFERSON (Chief Operating Officer, Workforce Connections):

We receive our funds the same way as NW. About 99 percent of our funds are federal. Our budget for this year is \$17 million, for 2009 it was \$28 million including the stimulus money. In 2008 it was \$8 million.

CHAIR KIHUEN:

I adjourn the meeting at 1:50 p.m.

RESPECTFULLY SUBMITTED:

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Debra Carmichael,  
Committee Secretary

APPROVED BY:

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Senator Ruben J. Kihuen, Chair

DATE: \_\_\_\_\_

| <u>EXHIBITS</u> |         |                  |                    |
|-----------------|---------|------------------|--------------------|
| Bill            | Exhibit | Witness / Agency | Description        |
|                 | A       |                  | Agenda             |
|                 | B       |                  | Attendance Roster  |
|                 | C       | Larry Mosley     | Silver State Works |