

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

**Seventy-sixth Session  
April 7, 2011**

The Joint Subcommittee on Human Services/CIPS of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Sheila Leslie at 8:05 a.m. on Thursday, April 7, 2011, in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

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

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

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

**STAFF MEMBERS PRESENT:**

Rick Combs, Assembly Fiscal Analyst  
Catherine Crocket, Program Analyst  
Jeffrey A. Ferguson, Senior Program Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Cynthia Clampitt, Committee Secretary

**OTHERS PRESENT:**

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

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Romaine Gilliland, Administrator, Division of Welfare and Supportive Services,  
Department of Health and Human Services  
Jon Sasser, Legal Aid Center of Southern Nevada, Washoe Legal Services and  
Washoe County Senior Law Project  
Paula Berkley, Nevada Network Against Domestic Violence  
Lisa Gianoli, Washoe County  
Alex Ortiz, Clark County  
Carol Sala, Administrator, Aging and Disability Services Division, Department of  
Health and Human Services  
Connie McMullen, Chair, Senior Services Strategic Plan Accountability  
Committee and Washoe County Senior Services  
Jeffrey Fontaine, Nevada Association of Counties  
Andrew Clinger, Director, Department of Administration  
Mary Liveratti, Deputy Director, Department of Health and Human Services  
Brenda Berry, Administrative Services Officer, Aging and Disability Services  
Division, Department of Health and Human Services

CHAIR LESLIE:

I will now open the Work Session on the Division of Welfare and Supportive  
Services (DWSS) of the Department of Health and Human Services (DHHS).  
This is an opportunity for Joint Subcommittee members to review key points of  
these budgets and ask questions of our Staff.

We will now open Work Session on Budget Account (B/A) 101-3228, the  
Administration account.

HUMAN SERVICES

WELFARE AND SUPPORTIVE SERVICES

HHS – Welfare – Administration — Budget Page DHHS DWSS-1 (Volume II)  
Budget Account 101-3228

JEFFREY A. FERGUSON (Senior Program Analyst, Fiscal Analysis Division,  
Legislative Counsel Bureau):

The first item is the issue of the Technology Investment Request (TIR) for the  
Eligibility Engine System. The Governor recommends total funding of \$1 million

in fiscal year (FY) 2011-2012 and \$13.9 million in FY 2012-2013 for the development of a system to determine eligibility for publicly subsidized health care programs. Included in this recommendation are five additional positions in FY 2011-2012 and another eight positions in FY 2012-2013.

The *Executive Budget* recommends funding the entire FY 2011-2012 costs with \$1 million of federal Health Exchange funds and \$13.9 million in FY 2012-2013 using \$9 million in federal Health Exchange funds, \$4.5 million in federal Medicaid funds and General Fund appropriations of \$494,838.

The eligibility system would be integrated with the Health Insurance Exchange (HIX), the Division of Healthcare Financing and Policy and DWSS. This requirement is a part of the Affordable Care Act. The HIX will allow consumers to access and evaluate plans from commercial insurers and to apply for health subsidy programs. A key component of the HIX is the Eligibility Engine system which will store all eligibility rules for the State's publicly subsidized health coverage programs in one place that would be accessible to individuals shopping for health care coverage from multiple entry points. Eligibility determination is based upon adjusted gross income levels and will direct residents seeking insurance coverage to appropriate options. Additionally, the Division indicated the Eligibility Engine system will calculate premium subsidies and credit available to individuals eligible for subsidized-exchange coverage. It will also provide an indication of possible eligibility for State-administered public assistance programs and information on how to apply for those programs.

The TIR also indicates the total cost would be about \$23.48 million. Staff has provided information on the costs in FY 2011-2012, 2012-2013, 2013-2014 and ongoing costs of approximately \$3.8 million annually.

The TIR indicated there was a plus or minus 25 percent error margin in those calculations. Therefore, the project could cost as much as approximately \$29.8 million. The constitutionality of federal health care reform and the lack of State funding are risks to this project according to TIR.

The current Nevada Operations of Multi-Automated Data Systems (NOMADS) utilized by DWSS is used to determine Medicaid eligibility. The NOMADS system

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is not currently designed to make determinations that will be needed for the Eligibility Engine. As a result, this request also includes \$742,538 in FY 2012-2013 to convert the 14 million lines of programming code in NOMADS from an outdated programming language titled Cross System Product (CSP) to a modern language called Enterprise Generation Language (EGL). The Division testified this conversion project would add many years of usability to NOMADS at a reasonable cost and the technology to perform the language conversion is mature and essentially risk free.

Testimony during the budget hearing indicated that, while the establishment of the Eligibility Engine is not mandated by federal law, eligibility determination is required as a component of HIX and the Eligibility Engine system is the Governor's recommendation to make those determinations.

The full implementation of the system is expected to be complete in December 2013. The decision to be made by the Joint Subcommittee is whether to approve the Governor's recommendation for total federal funding of \$1 million in FY 2011-2012 and \$13.9 million in FY 2012-2013. That constitutes all federal funding with the exception of \$494,838 of federal General Funds for the development and implementation of an Eligibility Engine system. That system will make it possible to determine individual eligibility for publicly subsidized health care programs, including five positions in FY 2011-2013 and eight positions in FY 2012-2013. The recommendation also includes \$742,538 for the CSP to EGL conversion of NOMADS.

CHAIR LESLIE:

These presentations were made in great detail during the budget hearing. Please continue with the next item in this budget.

MR. FERGUSON:

The next budget account for discussion is 101-3230, Temporary Assistance to Needy Families (TANF).

HHS – Welfare – TANF — Budget Page DHHS DWSS-10 (Volume II)  
Budget Account 101-3230

Staff notes there was discussion on this budget account of a negative reserve projection for TANF funds based on the expenditures recommended in the *Executive Budget*. It was noted in the budget hearing testimony that the negative reserve amount was \$2.1 million. However, subsequent to that hearing, Staff attended a caseload meeting on March 31, 2011. Based on new projections, the negative reserve amount was increased to \$2.5 million.

The Division ended the 2007-2009 biennium with a balance of unspent or positive reserve of \$14.3 million in TANF funding. The Governor's recommended budget assumes an unspent balance of TANF funding of around \$8.8 million at the beginning of the 2011-2013 biennium. The decrease in TANF reserve is primarily due to caseload increases and the loss of American Recovery and Reinvestment Act of 2009 funds.

As represented in the most recent caseload meeting, the TANF-related expenditures, as recommended in the *Executive Budget* for the 2011-2013 biennium, exceed the available resources in each year. As a result, the reserve is being reduced to a balance of approximately \$5.3 million at the end of FY 2011-2012 and a negative about \$2.5 million at the end of FY 2012-2013. When the budget was originally developed, the Agency stated they anticipated a positive reserve balance of approximately \$1 million. Due to caseload increases and the reduction in TANF Contingency Funds from about \$6.5 million in FY 2011-2012 to about \$2.2 million at the federal level, the end result is a negative reserve balance of around \$2.5 million at the end of the 2011-2013 biennium.

During the caseload meeting, the director of DHHS and the administrator of DWSS explained that the projected TANF source and use schedule does not contain any TANF Contingency Grant funds for FY 2012-2013. However, approximately \$2.2 million in TANF Contingency Grant funds is included in FY 2011-2012. The Agency stated it would address the negative TANF reserve by including approximately \$2.5 million in TANF Contingency Grant funds for FY 2012-2013 which would bring the total projected TANF reserve to zero at the end of FY 2012-2013.

The Agency testified it had not received formal notification of receipt of the federal funds for FY 2012-2013 and that inclusion of these funds to balance the

TANF source and use statement may be risky. The Agency indicated it would not know if the contingency funds are available for FY 2012-2013 until late calendar year 2011. However, the Division received recent correspondence with the federal government which provided certain optimism that the Contingency Grant would be available in FY 2012-2013.

When questioned how the negative reserve would be addressed, the Agency indicated it was a projected reserve and they would monitor their expenditures and possibly make adjustments going forward. Those adjustments could result in a reduction of the TANF Cash Assistance Grants by 5 percent to 10 percent in FY 2012-2013. If the Legislature approves the TANF budget as recommended by the Governor and if those contingency funds of \$2.5 million are not received, additional reductions would be needed in this budget, including possible reductions to TANF Cash Assistance Grants.

The options for consideration by the Joint Subcommittee are:

- Whether to include the \$2.5 million TANF Contingency Grant funds in FY 2012-2013 to balance projected TANF revenues and expenditures as contained in the *Executive Budget*. If the TANF Contingency Grant funds are not received, the Division would likely be required to make program reductions beyond those recommended by the Governor.
- Require the Division to make further program reductions for the 2011-2013 biennium, assuming the State will not receive \$2.5 million in TANF Contingency Grant funds. If the Joint Subcommittee wishes to approve this option, it should direct the DHHS, Director's Office and the DWSS to provide further budget reductions for their consideration during budget closure hearings.
- Provide General Fund appropriations of \$2.5 million in FY 2012-2013 to fill a projected negative TANF reserve.

CHAIR LESLIE:

How risky is it to bet on receipt of TANF Contingency funds? On a scale of one to ten, where does DHHS place the risk factor?

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MICHAEL J. WILLDEN (Director, Department of Health and Human Services):  
As indicated by Mr. Ferguson, we did not place TANF Contingency funds in the FY 2012-2013 budget because we did not have assurance to count on that revenue. Mr. Romaine Gilliland, Administrator, DWSS, has participated in several conference calls regarding the distribution of these funds. The White House is seeing that states are being forced to make some rather draconian decisions with regard to TANF Block Grant funds. It is likely TANF Contingency funds would be available in similar amounts of funding in FY 2012-2013 and are projected for FY 2011-2012. I have made the recommendation and I will stand by it. There is risk. However, there are risks in all block grants and funding streams. As noted by Mr. Ferguson, the Division would need to approach the Budget Office and the Interim Finance Committee (IFC) during the interim if funding streams do not materialize. It is all dependent on a reauthorization of the TANF Block Grant.

CHAIR LESLIE:

What steps would be taken if, at the last minute, TANF funds are not approved or delayed?

MR. WILLDEN:

The Agency creates a source and use cash flow statement as a part of the caseload process. That procedure will continue to be monitored. There are three options for the Agency. One is whether we can maintain cash flow until the 2013 Legislative Session. The second option would be to consider overall flexibility within the Department where funds can be reallocated to stabilize the cash flow. The third, and worst, option would be that the Department would need to appear before IFC with further recommendations, if we learn with certainty that the State will only receive the Block Grant funds without additional funding.

Making reductions across the board would result in a reduction of approximately 5 percent in benefits or we could target specific categories of assistance programs.

CHAIR LESLIE:

Would you consider all those circumstances and then appear before IFC for the appropriate approval?

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MR. WILLDEN:  
That is correct.

CHAIR LESLIE:  
Is it correct that, if the caseload spikes, the funding may be drained more quickly?

MR. WILLDEN:  
That is absolutely correct. We have had a fairly comfortable reserve since 2003, but with the current economic situation, as in every agency, there is little or no money remaining in the reserve accounts.

CHAIR LESLIE:  
I am concerned for the care of the individuals who fall into these most vulnerable population caseloads. They are poor and the children are dependent on the small cash grant we provide for survival. I know the Agency shares that concern. I would want the very last option to be reduction of the cash grants.

MR. WILLDEN:  
I feel as comfortable as is possible without specific assurance of the grant funding. I feel it is a risk worth taking to assume the \$2.5 million in grant funds will be received.

CHAIR LESLIE:  
I do not want to obligate funds if that is not necessary at this time.

ROMAINE GILLILAND (Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services):  
We have been given reasonable assurance from the federal Department of Health and Human Services that the aggregate amount of funding available for TANF Contingency funding is approximately \$612 million nationally. Therefore, we are reasonably sure the \$2.5 million will be available for allocation to Nevada during federal fiscal year (FFY) 2012.

JON SASSER (Legal Aid Center of Southern Nevada and Washoe Legal Services):  
These caseload projections make two assumptions. They assume elimination of the TANF Loan Program I discussed in the last hearing. That means



approximately 700 families will fail in their work participation rate requirements when they are placed in a larger pool and taken off the TANF Loan Program. That will mean even more caseload funds will be needed.

The same also applies to the 315 families on the Kinship Care Program. They will still be on the Program, but additional funding will need to be backfilled to take the place of TANF funds.

MR. FERGUSON:

The TANF expenditures exceed TANF revenues in each year of the biennium. To make reductions in these areas, the Governor's budget recommends five specific decision units to reduce TANF expenditures. The total reductions are about \$12.37 million in FY 2011-2012 and approximately \$12.75 million in FY 2012-2013. A table was provided to the Joint Subcommittee members delineating each of the reductions in B/A 101-3230, enhancement decision units E-661, E-662, E-663, E-664 and E-665.

E-661 Program Reductions/Reductions to Services — Page DHHS DWSS-12  
E-662 Program Reductions/Reductions to Services — Page DHHS DWSS-12  
E-663 Program Reductions/Reductions to Services — Page DHHS DWSS-13  
E-664 Program Reductions/Reductions to Services — Page DHHS DWSS-13  
E-665 Program Reductions/Reductions to Services — Page DHHS DWSS-14

All five reductions are contained in the DHHS priority list for potential add-back funds. The Governor appears to support adding back funds for the Kinship Care Program and for restoration of the TANF Loan Program. Those provisions are contingent on other projections that will be made later in the Legislative Session relative to property tax and other funds.

Decision unit E-661 is the reduction to Kinship Care payments. The Governor recommends reducing the rate for Kinship Care payments from the current average level of \$894 based on 90 percent of the Foster Care Rate to the average non-needy caretaker rate of \$427. This would reduce TANF Block Grant expenditures by \$1.68 million in FY 2011-2012 and \$1.76 million in FY 2012-2013. The Kinship Care Program provides cash benefits for children living with relatives. The Agency indicates this action will affect approximately

501 children each month in FY 2011-2012 and 524 children each month in FY 2012-2013.

The decision to be considered by the Joint Subcommittee is whether to approve the Governor's recommendation to reduce the Kinship Care payments from the current average to the nonneedy caretaker rate. This would result in reductions in TANF expenditures by \$1.68 million in FY 2011-2012 and \$1.76 million in FY 2012-2013.

Decision unit E-662 proposes elimination of the TANF Loan Program. This would reduce TANF Block Grant expenditures by approximately \$2 million in FY 2011-2012 and approximately \$2.3 million in FY 2012-2013. The TANF Loan Program provides a monthly financial payment designed to meet family's needs, such as food, shelter and clothing, until an anticipated source of income is received. The most common beneficiary is a household with an otherwise work-eligible recipient awaiting receipt of supplemental security income. The Agency indicated this Program would otherwise serve an average of 524 families in FY 2011-2012 and 604 families in FY 2012-2013 with an average monthly benefit of about \$316.

In response to the Joint Subcommittee's questions during the budget hearing, the Division has indicated that once the Program has been eliminated, participants could be advised of the TANF New Employees of Nevada (NEON) Program's Personal Responsibility Plan (PRP). That program includes work participation. Families would be allowed to make application to NEON and demonstrate cooperation with work participation requirements prior to the effective date of their TANF Loan Program termination. Recipient families in compliance with the PRP leading to employment would have uninterrupted benefits. If a family continues to meet the terms of their PRP, including work participation requirements, the family could continue to receive benefits. If the family is unable to meet their PRP, the full family sanction would apply and the family would become ineligible for TANF NEON after a participant conciliation period.

The Division indicated the TANF Loan Program was implemented in October 2007, and relies on the good faith of recipients to repay the loan upon receipt of the lump sum payment. The unsecured document signed by the

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TANF Loan Program participants was developed based on policy from a federal definition of assistance. The Division would be prohibited from securing repayment with the anticipated lump sum payment. The Division indicates that since implementation the loan repayments have been low, with typically only 18 percent of the loans repaid.

According to DWSS, other states, including Wyoming, Idaho and Texas, have been faced with similar challenges and have generally reached the same program participation conclusions.

The decision to be made by the Joint Subcommittee is whether to approve the Governor's recommendation to eliminate the TANF Loan Program.

CHAIR LESLIE:

Please explain your statement that the other states have reached the same program conclusions.

MR. FERGUSON:

The other states have been faced with similar situations and have implemented similar recommendations in terms of eliminating a loan program.

CHAIR LESLIE:

Have the other states already eliminated their TANF Loan Programs?

MR. GILLILAND:

The other states have not had a program similar to the TANF Loan Program. They implemented stringent work participation requirements for people in similar circumstances. Individuals in those three states would not have options like those provided through Nevada's TANF Loan Program.

Other states have created a "separate state program." Those programs are funded with the equivalent of Nevada's General Fund. I mentioned those three states more as an example of how it relates to implementation of the NEON work participation program and the expectation that a TANF NEON cash recipient will have a work expectation requirement.

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CHAIR LESLIE:

If the TANF Loan Program is eliminated, will individuals have a different kind of work participation agreement?

MR. GILLILAND:

Those participants would be given the same option as any other NEON TANF participant to enter into a PRP agreement which leads the individuals toward work participation. In the event individuals are unable to comply with the PRP, they would be barred from TANF NEON cash assistance. There is every likelihood that TANF Loan participants would not meet compliance with a PRP. That would eventually lead to nonpayment of any type of cash assistance through the TANF Program. I cited the three states as examples of states with requirements similar to TANF NEON where these classifications of individuals do not have the ability to qualify for other TANF cash assistance. Other states have faced the same problem and have served those clients, not through TANF cash programs, but through a separate state program funded with their General Funds.

CHAIR LESLIE:

Please clarify, have Wyoming, Idaho and Texas set up programs like what is being considered in Nevada, where it is probable that the individuals will not meet the PRP requirements? Have the other states set up different programs where individuals in similar circumstances could possibly succeed?

MR. GILLILAND:

That is correct. The difference is other states' programs are characterized as separate state programs for those clients with similar needs.

CHAIR LESLIE:

Have the majority of states used their own funds to establish a program where individuals have the potential to succeed, whereas Wyoming, Idaho, Texas and perhaps Nevada clients would not?

MR. GILLILAND:

I only reviewed the Western States in my research of similar programs. There is a mixture of what each state has done based on its situations.

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CHAIR LESLIE:

Which states have established alternative programs?

MR. GILLILAND:

Other states with alternative programs include California and Washington.

SENATOR HORSFORD:

Do we know the impact of reducing the current average rate from around \$894 a month to around \$427 a month? Is the number of children affected by this reduction in benefits based on the number of children currently enrolled in the Kinship Care Program? Do we know whether those children could remain in the kinship setting when the rate is reduced by 50 percent? Will any of those relatives currently providing care choose not to do so if funding is reduced by 50 percent?

MR. WILLDEN:

I will provide some general background on this issue. Relatives who take care of children fall under three different programs in Nevada. The first, and oldest, program is the traditional nonneedy caretaker program. That program provides that a caretaker relative, other than the parents of the child, can also receive TANF assistance for that child. The payments from that Program are at the lower rate which is proposed for the Kinship Care Program. The TANF Kinship Care Program was established several years ago. That program would primarily pay the higher payment of 90 percent of the foster care rate to grandparents, at age 62 or older, who apply for guardianship of the child.

Recently a study was completed reviewing the path of migration of certain groups of individuals between programs. Clearly, money is an issue in caring for children. The individuals in the lower payment, nonneedy caretaker program migrated to the TANF Kinship Care Program because the payments were closer to those for children in foster care. The TANF Kinship Care Program also provides better permanency for children through the guardianship program. Meetings were recently held at DWSS with Assemblywoman April Mastroluca and Ex-Speaker Barbara Buckley on child welfare issues.

Assembly Bill (A.B.) 110 would create a Kingap Program. The Kingap Program would be for children who are in the child welfare system for a length of time.

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We do not want them in the child welfare system or the foster care system; we want them to be with a relative. It would allow the Division to pay for that and get the child out of the child welfare court system into a guardianship using State and Title IV-E funds. Approximately 44 percent of those children are known to the child welfare system through the TANF Kinship Care Program. If the Kinship Care Program funding is reduced by 50 percent, we may see migration to the new Kingap Program. The children currently in the Kinship Program are protected, but a difference will be noted as to which programs they access for their resources. In the future, case managers and families will migrate to whatever program provides the best resources for those children. That is the way it should be.

**ASSEMBLY BILL 110**: Establishes the Kinship Guardianship Assistance Program.  
(BDR 38-196)

SENATOR HORSFORD:

Please provide whatever information you have to our Staff. Has the Kingap bill been passed?

MR. WILLDEN:

That bill, A.B. 110, has not yet been signed into law.

SENATOR HORSFORD:

The budget decisions of the Joint Subcommittee will be made and the bill may, or may not, pass. Has there been a survey of the approximately 500 children involved concerning whether their kinship care person would continue providing their care to the point of permanency?

MR. WILLDEN:

That analysis has not been done on the 360 cases, or 511 children, as to whether the reduction of the payment by 50 percent would cause the caregiver to give up their guardianship and turn the children back to the foster care system or another relative. Clearly, finances are a large factor in the care of these children.

SENATOR HORSFORD:

Is such a survey possible?

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MR. WILLDEN:

It is possible. I cannot predict today how much time would be needed to conduct the survey. Our recommendation is that, if funding becomes available, this Kinship Program be considered a priority addback to the budget.

SENATOR HORSFORD:

Senate Bill 370 has also been introduced and referred to the Senate Committee on Health and Human Services. This bill would also address the priority for the kinship care if available. This bill will likely contain a fiscal note as well.

**SENATE BILL 370**: Makes various changes to provisions governing children who are placed with someone other than a parent. (BDR 38-909)

We are reducing the current rate in this budget. What is the current rate paid by the State for foster care?

MR. WILLDEN:

The foster care rate is approximately 10 percent higher than the rate for kinship care. If the average kinship rate for two children is about \$894, the foster care rate would be roughly 10 percent higher. The kinship provision was benchmarked at 90 percent of the foster care rate.

SENATOR HORSFORD:

Do we provide any other payments outside of the provision for foster care?

MR. WILLDEN:

The families also receive a clothing allowance and similar additional provisions. Those allowances are not a part of the Kinship Care Program.

SENATOR HORSFORD:

As we make these decisions, I would ask that we do all that is possible to preserve funding at the current level. If children are provided the opportunity to stay with someone they know, a family member or close friend, evidence shows this to result in better outcomes. The funding saved by placing children in kinship care is much greater than moving these children to foster care. I would prefer to see the Kinship Care Program funded without reductions.

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CHAIR LESLIE:

The establishment of these programs over the last few years has provided essential family support for children and I would not like to see them eliminated. Clearly, the costs will be greater with elimination of the programs that would move clients to other programs.

Have both the TANF Loan Program and the Kinship Care Program been placed on the priority add-back list?

MR. WILLDEN:

Yes, in our meetings with the Governor's Office last week, both programs received a priority for add back.

ASSEMBLYWOMAN CARLTON:

First these programs were eliminated in the *Executive Budget* and now the Governor's Office is in favor of adding the programs back to the budget without a proposal for how they will be funded. For other items added back to the budget, the Legislature must determine how funding will be allocated. In this case, has the Agency determined how funding can be provided?

MR. WILLDEN:

Yes, a theoretic proposal has been made. On March 31, 2011, my office, DWWS, Medicaid, the State Budget Office and Legislative Counsel Bureau (LCB) Fiscal Division Staff met and reviewed caseload projections for the "Big Three Programs," Medicaid, the Supplemental Nutrition Assistance Program (SNAP) and TANF. The Medicaid, SNAP and TANF caseloads were reforecast. Through that process, the caseload projections appear slightly lower than the original projections creating some budget savings. The Medicaid Program staff reviewed their cost per eligible analysis which resulted in slightly lower costs per eligibles. The new Federal Matching Assistance Percentage was received at a rate of approximately 1.6 percent rate. All of those savings combined saved approximately \$52 million or \$53 million. The Intergovernmental Transfer Reserve was made up of reallocated or unobligated reserves in Medicaid which saved approximately \$14 million or \$15 million. All of those savings, at that day in time in the budgeting process, created the ability to begin adding back some of the proposed budget reductions.



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We met the following morning with the Governor's staff and reviewed a number of priorities. Using the funds saved, in theory, provides the opportunity for some addbacks. The Governor directed me to issue an e-mail stating which numbers could be added back. Budget amendments have not yet been transmitted. We are still waiting for the property tax projection results and the report from the Economic Forum. It is our belief there is approximately \$43 million available to add-back items for DHHS budgets. The Agency has submitted a priority list of approximately 12 items for budget addbacks.

ASSEMBLYWOMAN CARLTON:

The Legislature was portrayed as making all the cuts to the Family to Family Program, when we were actually trying to deal with the issue and place the item on an add-back list. However, the public perception was that the Legislature was responsible for cutting the Family to Family Program.

In the future, we need to consider our approach to budget items and how votes are taken so the public will understand what votes will be taken.

If the add backs for the Kinship Care Program and the TANF Loan Program are restored, will another program, in another budget suffer because we support these?

MR. WILLDEN:

During the DHHS budget overview presentation to the Legislative Commission's Budget Subcommittee in February 2011, the Agency noted there are over \$200 million in service reductions within the DHHS budgets. All the programs are worthy of consideration of an addback of some sort. The \$200 million does not include items such as employee salary and benefit reductions. If \$43 million in budget savings have been identified, perhaps 25 percent of the programs can be addressed as addbacks.

CHAIR LESLIE:

At this time no funding has been made available so the Family to Family Program was eliminated this week. The Joint Subcommittee also indicated its wish to revisit that decision only if funding is found and there is potential for a partial addback.

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We ask for Mr. Willden's expertise in this area during every Legislative Session, when caseload projections are reviewed. If additional funding is identified toward the end of Session, we value his advice on where the impacts hit the worst. That does not mean the Legislature will follow his advice 100 percent, but we value his expertise. People will be hurt with this budget. There are horrible choices to be made. I appreciate the priority list provided by the Agency.

MR. GILLILAND:  
I concur with the comments of Director Willden.

MR. SASSER:  
I will provide some history on the TANF Loan Program and why Nevada did not make the decision to move this Program to a State-funded program as other states did.

Several years ago, new rules on work participation rates were promulgated by the federal government. Stricter guidelines were directed to the states regarding what efforts could be counted as a recipient's attempt to return to work. To be eligible for the approximate \$384 for a family of three, the clients were required to participate 30 hours each week in approved activities as identified by the federal government. The states recognized that certain individuals within their caseloads were likely to fail. The largest such group were the disabled mothers who were applying for social security disability payments. The choices before the states were to pull those families from the federal program and establish a state program with their own criteria for work participation rates. However, that would bring a state's participation rate lower and create the likelihood the state would be sanctioned for not meeting their rate. Or, they could leave those mothers in the federal program which would require them to participate at the same rate as able-bodied individuals, knowing they were likely to fail and be dropped from the program.

Nevada made the decision to establish a program funded by the State and the federal government to utilize the TANF Block Grant and TANF Loan Program. In that manner, the reduction did not count against the State's work participation rate.

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Unfortunately, this budget assumes those individuals will be placed in the regular federal program without recognition of their limitations and they will fail. That is why the budget was built on a reduced caseload using the assumption these individuals would fail to meet the requirements. I agree with Senator Horsford regarding the Kinship Care Program. It provides a vital part of the whole system of encouragement to individuals with no legal obligation to care for children in their family, who would otherwise be placed in the child welfare system.

MR. FERGUSON:

The third reduction in B/A 101-3230, decision unit E-663, is the TANF account reduction of 50 percent for subcontractors. This recommendation would reduce TANF Block Grant expenditures by \$694,000 in each year of the biennium. These subcontractors provide social service benefits to TANF recipients with substance abuse and domestic violence issues to assist them in overcoming barriers to self-sufficiency. The Agency indicates 372 clients received benefits from social services contractors in FY 2009-2010, at an average of \$3,734 per client. This recommendation would not reduce the per-client cost. It would reduce the number of clients served by approximately 50 percent, or 182 clients.

#### E-663 Program Reductions/Reductions to Services — Page DHHS DWSS-13

The decision to be made by the Joint Subcommittee is whether to approve the Governor's recommendation to reduce funding for subcontractors by 50 percent.

CHAIR LESLIE:

Is the social services subcontractor reduction on the add-back list?

MR. WILLDEN:

This item is not on the prioritized add-back list. This funding supports domestic violence organizations and the lower-level drug, alcohol and mental health issues.

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Originally, DHHS considered use of tobacco funding to assist this Program but were taken out of consideration due to other Agency decisions. I do not have a solution to propose for this budget item.

PAULA BERKLEY (Nevada Network Against Domestic Violence):

I represent 14 county programs that currently serve under this Program. A domestic violence victim goes into TANF for a cash assistance request and if the eligibility worker notes the domestic violence issue, the victim is referred to a shelter. These are individuals that the county programs would not identify otherwise. They are a unique referral.

Individuals who are trying to remove themselves from a domestic violence situation cannot necessarily go to work. They may not have transportation, may have been denied the opportunity to work, to have transportation, a checking account or a driver's license in abusive situations. These are common tactics of the abusers. When abused individuals enter the shelters, they must start their lives over. The shelters provide help such as job training, assistance in obtaining a driver's license, assistance in acquiring a social security card, or shelter for their children.

With the current unemployment situation, these individuals are obviously behind in opportunity and hope. As an example, the TANF grant funds provide \$35 toward their shelter nights. Those funds do not entirely fund the shelter nights, but it is one portion of a source of funds that allows the shelters to function.

CHAIR LESLIE:

What is the impact to the shelters of a 50 percent reduction in benefits under the subcontractor funding?

MS. BERKLEY:

The referrals will not be received, resulting in individuals returning to their abuser. Nevada is already No. 1 in homicides through domestic violence. The shelters have received reductions in Violence Against Women Act and Victims of Crime Act federal funding. Funding from marriage licenses continues to decline. County Community Block Grant Funds have been lost. I cannot guarantee there will continue to be domestic violence programs in the rural

counties. Shelters will remain in the urban areas, but certain services may be eliminated. One service being discussed for elimination is the advocates that go to the courts with the domestic violence victims. I cannot state this Program is any more important than anything else on the list. We support the addition of this Program to the add-back list, but we will abide by the final decisions of the Legislature.

MR. SASSER:

This Program began at the same time as the TANF Loan Program. When recipients are faced with a weekly requirement of 30 hours of work participation, these programs give them assistance to succeed. If the extra help is eliminated, the individuals will be less likely to succeed, leave the programs earlier, fail or stay on the programs, decreasing the State's work participation average which would run the risk of additional federal sanctions.

MR. FERGUSON:

The fourth item in this budget is decision unit E-664 which will eliminate all transfers to other State programs within DHHS, resulting in reductions of \$7.14 million in each year of the biennium.

#### E-664 Program Reductions/Reductions to Services — Page DHHS DWSS-13

Those reductions include:

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

The Division noted during its budget hearing that transfers of TANF to these other DCFS accounts were initially implemented during times when there was ample TANF Block Grant revenues.

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The decision to be made is whether to approve the Governor's recommendation to eliminate transfers of TANF funds to other State programs within DHHS.

CHAIR LESLIE:

I relinquish the gavel to Assemblywoman Mastroluca.

MR. FERGUSON:

The final item for TANF reductions is the eliminations of transfers to Clark and Washoe Counties in B/A 101-3230, decision unit E-665.

E-665 Program Reductions/Reductions to Services — Page DHHS DWSS-14

These funds are used for child protection programs in Clark and Washoe Counties. This item would reduce the TANF Block Grant expenditures by \$817,498 in each year of the biennium. Washoe County would lose \$439,086 in each year. Clark County would lose approximately \$378,412 in each year. Staff notes the 2009 Legislature approved the Governor's recommendation to reduce TANF transfers in these counties by approximately \$3.6 million in each year of the biennium.

The Twenty-sixth Special Session further reduced the transfer to Clark County and eliminated all transfers to both counties for FY 2010-2011.

The decision to be made for the Joint Subcommittee is whether to approve the Governor's recommendation to eliminate the transfer of TANF funds for county child protective programs in Clark and Washoe Counties.

CHAIR MASTROLUCA:

We will open this item for public comment. Because the funds were eliminated for FY 2010-2011, were they eliminated in the local budget process for the next biennium?

LISA GIANOLI (Washoe County):

The loss of TANF revenue has had an impact on the County and will continue to have an impact as other revenue sources diminish. Washoe County had a significant budget shortfall long before the various budget reductions being proposed in the *Executive Budget* and during this Legislative Session. The loss

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of these funds prevents the County from adequately funding provisions at the front end to prevent children going in the back end of the system. The County has been successful in these efforts to date, saving the State significant funding for placement costs. The County has not determined what their actions will be at this point.

CHAIR MASTROLUCA:  
What front end services will be lost?

MS. GIANOLI:  
They will likely include funds for functions that keep children from placement in the system.

CHAIR MASTROLUCA:  
What front end services for Washoe County will be reduced or eliminated? I do not know if the reductions in Clark County will be the same. What kinds of services will be immediately affected? If we are not allocating funding into prevention of unnecessary placement, what additional costs will be necessary on the back end requiring State services? Will the \$1 spent on the front end become \$3 on the back end?

MS. GIANOLI:  
This reduction will have a domino effect. I will provide the information for the Joint Subcommittee.

ALEX ORTIZ (Clark County):  
I concur with the comments made by Ms. Gianoli. I will provide a detailed list of how the funds are used in Clark County to the Joint Subcommittee. Some of the TANF funding is used for the County child protective services workers.

CHAIR MASTROLUCA:  
Do you know if the TANF funds are utilized on front end or back end services?

MR. ORTIZ:  
I believe those funds are spent on front end services. I will verify where the funds are allocated and provide the information to the Joint Subcommittee.

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CHAIR MASTROLUCA:  
I will return the gavel to Senator Leslie.

MR. FERGUSON:  
The next item in B/A 101-3230 is the implementation of the Silver State Works (SSW) Program within decision unit E-737.

#### E-737 New Programs — Page DHHS DWSS-14

The Governor recommends General Funds of \$6 million in FY 2011-2012 and \$4 million in FY 2012-2013 to implement the SSW Program. The SSW is a collaborative effort between the Department of Employment, Training and Rehabilitation (DETR) and DWSS. The objective is to enhance Nevada's economy by expanding the total number of jobs in the State and increase the working population through the use of employment incentives.

The Agency indicated the \$10 million of General Funds would be used to reimburse employers for costs associated with provision of employment for TANF recipients and TANF at-risk clients. The employers could use the reimbursement to pay for costs associated with on-the-job training, equipment and fees. The DWSS stated they would track the number of clients successfully employed through the Program.

In the budget hearing, the Joint Subcommittee questioned the Agency regarding whether a child care component would be associated with SSW. The DWSS testified this Program would not include a child care component. However, DWSS does provide child care through the existing Child Assistance and Development Program. All work eligible individuals would be required to develop and participate in a PRP which would address the entire family, including such items as school attendance, medical care, immunizations and other such needs.

The Joint Subcommittee also expressed concern that employers may potentially take advantage of SSW by releasing Program participants immediately after their employment subsidies expire or by laying off current employees to hire Program participants. In response, DWSS indicated that the contracts for SSW would require a commitment from the employer that the position created for the participant is intended to be permanent. The DWSS is currently exploring the



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feasibility of including language in the contracts stating the employers' participation in the Program must not result in the elimination or reduction of the established employees hours, wages or benefits.

The Division indicated the employer incentives would likely be paid over a four- to six-month training period with a pay structure that encourages job creation and longevity. The incentives are envisioned to range from approximately \$1,000 to as high as \$5,000 for participants with significant and multiple employment barriers.

The decision to be made is whether to approve the Governor's recommendation of \$10 million for the SSW Program.

CHAIR LESLIE:

All members of the Joint Subcommittee have received copies of a written analysis of this proposal by our Staff.

MR. FERGUSON:

The analysis was compiled by LCB Staff using information we received from DETR and DWSS. It answers a number of questions the various Joint Subcommittees have had regarding the SSW Program.

CHAIR LESLIE:

That is an important document for the members to review.

ASSEMBLYWOMAN CARLTON:

I have further questions after a quick review of the document. Must eligible clients also be eligible for unemployment benefits depending on their tier or the amount of the incentive?

When these questions were first raised, I thought that the Joint Subcommittee would receive a presentation on this Program. That has not happened. Is there legislation enacting this Program?

MR. FERGUSON:

I am not aware of any legislation regarding the Program at this time. A formal presentation has not been scheduled because a portion of the funding and plan

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is in DETR budgets and a portion is in B/A 101-3230 for TANF. The document prepared by LCB staff was provided by the respective agencies based on questions that had been asked in each joint subcommittee. The DETR budget was discussed in the Joint Subcommittee on General Government.

CHAIR LESLIE:

This is a subject on which the full joint money committees may wish a formal presentation. In this budget, \$10 million is a significant amount of funding for the creation of a new program.

MR. WILLDEN:

We would be delighted to do such a presentation. A joint presentation was given to the Senate Select Committee on Economic Growth and Employment on February 28, 2011. That presentation document is available. We have prepared a newer, more concise document for the Joint Subcommittee today ([Exhibit C](#)). We can also return with a more formal presentation.

CHAIR LESLIE:

Is the Agency prepared to present [Exhibit C](#) today?

MR. GILLILAND:

We can address the document today or return to the full money committees to discuss this matter.

CHAIR LESLIE:

We will accept the document, [Exhibit C](#), today and place it in the Nevada Electronic Legislative Information System, otherwise known as NELIS, for the public and then see if a separate hearing can be scheduled for this subject.

MR. FERGUSON:

That concludes the TANF budget. We will now move to B/A 101-3238, the Child Support Enforcement Program (CSEP).

The first issue is not in the *Executive Budget*. However, concern was expressed regarding the impact of the proposed budget reductions on CSEP after some of the gains the Program has made over the last few years.

During the budget hearing, the Agency did not have final statistics reflecting how Nevada ranks with other states. The Division has provided that information through Staff for FFY 2008, 2009, and 2010. There have been gains in every category, particularly in paternity establishment. Nevada moved from fifty-first in FFY 2008 to fourteenth in FFY 2010. In addition, the Joint Subcommittee asked for prioritized lists of potential add backs for CSEP if there were State share of collections (SSC) funds available during its budget hearing. That information has been provided by Staff in which four priorities were identified.

The Governor recommends annual transfers of \$1 million in SSC funds from the child support account to the Division's administration account to cover a portion of the child support allocation for administrative costs. The SSC funds mean the Division is able to retain the child support payments they receive because they have already made comparable TANF payouts. When the SSC funds are collected, the State can retain a portion of those funds. That is how this budget is funded. The \$1 million proposed for transfer would offset General Funds in the administration budget through decision unit E-600 in this budget.

#### E-600 Budget Reductions — Page DHHS DWSS-33

Prior to the Twenty-sixth Special Session, the child support costs in the administration account were paid with General Funds. However, Assembly Bill No. 6 of the 26th Special Session required transfer of SSC revenue of approximately \$216,000 in FY 2009-2010 and approximately \$2 million in FY 2010-2011 to the DWSS administration account to offset General Funds by the same amount.

It should be noted that B/A 101-3238 is funded through 66 percent federal financial participation and 34 percent State matching funds. The State match funds are allowed to be transferred from the SSC funds retained from TANF child support cases.

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The recommendation to use \$1 million of SSC revenue would ultimately result in a loss of approximately \$2 million in federal matching reimbursement funds. The decision to be made by the Joint Subcommittee is whether to approve the Governor's recommendation to transfer \$1 million of SSC revenue in the CSEP budget to the administration account, providing a General Fund savings of \$1 million in the administration account.

CHAIR LESLIE:

The Joint Subcommittee will work through all the child support issues and then take public comments.

SENATOR CEGAVSKE:

Do the percentages provided by Staff for CSEP performance measures represent a portion of the clients? The paternity establishment category for FFY 2010 shows 100.3 percent. Please explain.

MR. GILLILAND:

The percentages in the paternity establishment category are computed using a mathematical formula provided by the federal government. The denominator in the formula is established at the beginning of the year based on the number of child support cases at the beginning of the year and the paternity is based on the number of paternities established during the year. If there is caseload growth in addition to improvement in paternity during the year, it is possible to mathematically reflect a percentage higher than 100 percent.

CHAIR LESLIE:

If 100.3 percent in the paternity establishment category only results in Nevada being fourteenth in the nation, what percentage would be necessary to become No. 1?

MR. GILLILAND:

I can provide that number. Our improvement, although we rank fourteenth in the nation, is the best in the nation for this particular measure.

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CHAIR LESLIE:

Going from fifty-first to fourteenth is a huge improvement. Nevada is probably the only state where moving from fifty-fourth to fifty-first in a category could be seen as an upward trend. Nevada no longer ranks below Guam.

MR. GILLILAND:

Our performance improvements are representative of the collaborative efforts between the counties and the State, searching for ways to improve performance both at the county level and program wide. Several enhancement initiatives over the past few years have moved forward through the collaborative efforts of the counties and the State. The improvement in measures reflects that relationship.

CHAIR LESLIE:

I concur. However, the concern is, Nevada will move backward with the proposed budget reductions. What impact does DWSS envision for Nevada's rankings?

MR. GILLILAND:

I am not sure of the effect on the rankings. The initiatives we have enacted to improve the Program will be impacted. That will result in some degradation in performance. The third priority on the Agency list was the continuation of enhancement programs. I have listed several of the enhancement programs that could be impacted over the next biennium as a result of the funding reductions. However, as the Agency recognizes the funding cuts are necessary, this is the budget submitted.

SENATOR CEGAVSKE:

Is there information the State could provide that would reflect actual numbers in each category since the information provided is a reflection of the federal government measurements? Their calculation methods are confusing.

MR. GILLILAND:

Behind each one of the federal percentages there are absolute numbers. I do not have the figures today, but I will provide them to the members of the Joint Subcommittee.

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MR. FERGUSON:

The next item in the CSEP budget is the Governor's recommendation for elimination of the Employment Assistance Program (EAP) statewide, including the four positions and operating costs through decision unit E-660. This would reduce expenditures from the SSC revenue by \$172,111 over the biennium and the corresponding loss of federal matching funds of \$334,097 based on the federal financial participation in match criteria.

#### E-660 Program Reductions/Reductions to Services — Page DHHS DWSS-34

The positions eliminated would consist of three in Las Vegas and one in Reno. The EAP provides supportive services to eligible noncustodial parents who are unemployed or underemployed with the goal of increased child support collections in compliance with court orders. The Division indicated this Program was considered for elimination because other State programs provide similar employment support services. Nonpublic assistance clients would be referred to DETR Job Seeker Services which provides full service, no fee employment resources through a statewide network of offices. Public assistance clients could also be referred to DETR services. In addition, the Division provides employment support services for those clients with multiple barriers to employment.

The decision to be made by the Joint Subcommittee is whether to approve the Governor's recommendation to eliminate the EAP for CSEP.

The next item is decision unit E-661 containing the Governor's recommendation to eliminate ten State positions that are collocated with the Clark County Child Support Enforcement in Las Vegas, including the associated operating costs. This would reduce the expenditures from the SSC funds by approximately \$500,000 and would result in loss of associated federal matching funds of approximately \$1 million.

#### E-661 Program Reductions/Reductions to Services — Page DHHS DWSS-35

Clark County is one of six counties that provide full case management services for all child support cases within their County including locating, establishment and enforcement services for nonassistance, public assistance and former public

assistance cases. By comparison, Washoe County has no State positions associated with its program because it does not provide full case management services.

The ten State positions proposed for elimination are assigned to an enforcement support payments and collections unit under the program direction of the Clark County Child Support Enforcement Program. The loss of the eight case managers would result in delayed financial and medical assistance for children. The family supervisor I position supervises a number of the family services specialist positions. That elimination would result in decreased case integrity and data reliability. The social services manager I position provides oversight of the community outreach program. Loss of this position would impact the federally required hospital paternity program in which hospital staff is educated on the necessity and requirements of establishing paternity and impact collaboration with community partners.

The Agency indicated the decreased Program performance due to loss of these positions could result in decreased federal incentives. During the budget hearing, Clark County indicated the elimination of these ten State-funded positions will increase caseloads for case managers and negatively impact the ability to collect child support payments.

The decision before the Joint Subcommittee is whether to approve the Governor's recommendation to eliminate the ten State-funded positions.

ASSEMBLYWOMAN MASTROLUCA:

What other five counties provide full case management? How was it determined Clark County would be the only county targeted for these eliminations?

MR. FERGUSON:

Clark County is the only county that has State-funded positions. The other counties are small counties.

ASSEMBLYWOMAN MASTROLUCA:

Do the other five counties that have full case management receive any State funding?

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MR. FERGUSON:  
No, they do not.

CHAIR LESLIE:  
Why does Washoe County not provide full case management services?

MR. FERGUSON:  
Washoe County has opted not to provide full case management services because some of the collections are made through State programs. Some smaller counties provide the whole range of services, but they do not have any State positions associated with their programs.

CHAIR LESLIE:  
Does the Agency have any comments on this budget request? Provisions such as the Hospital Paternity Program have made great strides, yet now it appears we are eliminating the positions that are responsible for the progress.

MR. GILLILAND:  
The counties, other than Clark County, that provide full services include Humboldt, Lyon, Mineral, Nye and Pershing. The Agency has previously provided a prioritization of those reductions. One thing that must be considered in addition to limited funding is that we have had an SSC account reserve. That reserve has been depleted over the last few years. As a result, the account will only have a reserve of about \$1 million. To provide adequate funding for CSEP, the Agency had to consider areas where reductions could be made and the ten positions were one area in which we felt the reductions could be made.

ASSEMBLYWOMAN MASTROLUCA:  
The figures quoted were based on the loss of federal matching funds. Therefore, the reduction of \$494,704 in SSC funds would include a loss of approximately \$960,000 in federal matching funds. Does the State receive a fee from these federal funds for collection efforts or is that in another program?

MR. GILLILAND:  
A small amount of fees are associated with CSEP. A \$2 fee is related to employer collections on behalf of the Program. The annual fee for each nonpublic assistance case is \$25. Those fees are directed to the State and



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commingled with SSC funds. Therefore, SSC is not only the portion of the public assistance funding that has been retained by the State, it also includes the loss of those fees through federal funding.

The reserve of about \$1 million in SSC revenue at the end of the biennium reflects the losses which have already been calculated into the remaining reserve.

ASSEMBLYWOMAN MASTROLUCA:

Will Nevada be losing more than the federal matching funds?

MR. GILLILAND:

If we are collecting the funds, we will also receive those fees. As an employer pays on behalf of a noncustodial parent, that fee will be collected. If the Agency also receives payment for a nonpublic assistance case, those fees would be collected. The Agency does not anticipate a reduction in those minor fee amounts in SSC with the proposed budget reductions.

MR. FERGUSON:

The last item in B/A 101-3238 is the Governor's recommendation to eliminate an additional three positions and associated operating costs in decision unit E-613.

#### E-613 Staffing and Operating Reductions — Page DHHS DWSS-34

This reduction would decrease SSC revenue by about \$120,000 in each year of the biennium with a loss of federal matching funds of approximately \$234,000 in each year. These positions include one family services specialist III (FSS) position that works at the Information System (IS) help desk and provides technical and program support to the Division, county partners and other State and federal agencies. The Agency indicated the loss of this position would impact customer service to external and internal partners. Therefore, Program operations could be delayed or halted.

Also proposed for elimination is an administrative assistant III (AA) position that is partially responsible for entry of interstate case information into the Central Registry and performs locate services upon request by other states. The

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Agency indicated these are federally required, time sensitive functions which will be absorbed by remaining Central Registry and Overpayments staff. The elimination of this position could result in federal sanctions for noncompliance, reduce federal revenue and increase penalties in the TANF Block Grant.

The third position proposed for elimination is a program officer I position in the Central Collections and Disbursement Unit. Changes have been made in that unit and the Agency indicates elimination of this position would not have any adverse consequences.

The first two positions described were the No. 1 add back in the CSEP budget as prioritized by the Division.

The decision here is whether to approve the Governor's recommendation for elimination of three positions.

CHAIR LESLIE:

Will the Agency review what the prioritized addbacks for these budgets are? Was decision unit E-613 prioritized as No. 1 because of the federal sanctions?

MR. GILLILAND:

At the end of this biennium, there is around \$1.2 million in the SSC reserve account. As we look at the add-back list, the first one the Agency identified was the FSS III help desk position and the AA III position in the Interstate Central Registry. The AA III position was chosen because of potential federal sanctions. The AA III is the IS help desk person who provides technical support to all county and State child support functions.

Priority No. 2 is approximately \$494,000 in SSC revenue and the corresponding amount of approximately \$960,000 of federal financial participation for restoration of the ten positions in Clark County as described earlier. These positions were partially responsible for the improved performance of CSEP. Everyone in CSEP is interested in maintaining the enhanced performance going forward.

Priority No. 3 relates to the funding from a technical perspective. I have identified several enhancements to be considered going forward that may not be

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accomplished without this restoration. Those include expanded employer Web services, expanded business intelligence which is a technical tool that helps the case managers. The remaining items were provided to the Joint Subcommittee by LCB Staff.

CHAIR LESLIE:

The No. 3 priority has not been discussed today. Are there other priorities on the add-back list?

MR. GILLILAND:

Priority No. 4 is the EAP funding. While I feel any type of reduction in child support creates an impact, this is the one I am least passionate about due to other services that are available in Nevada.

CHAIR LESLIE:

We will now open the work session to public testimony on child support enforcement.

MR. ORTIZ:

Clark County provides approximately 70 percent of the State's total child support caseload. Any reduction in these efforts will hamper those provisions. Areas other than the paternity establishment category have also improved drastically. All those efforts will be hampered or decreased by the proposed reductions in this budget item.

MR. SASSER:

We support the addback of the ten positions in Clark County. Approximately \$12 million in collections may otherwise be lost. That is vastly important to the clients in Clark County.

CHAIR LESLIE:

We will now close the work session on B/A 101-3238 and open the work session on B/A 101-3267, Child Assistance and Development.

HHS – Welfare – Child Assistance and Development — Budget Page DHHS  
DWSS-42 (Volume II)  
Budget Account 101-3267

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MR. FERGUSON:

The Governor recommends reducing General Fund appropriations for this budget account by 69.2 percent from the 2009-2011 legislatively approved level of \$16.9 million to \$5.2 million in the coming biennium. This is the minimum amount to retain the maintenance of effort (MOE) that is required by the federal government for this Program.

General Funds in this account have historically been utilized to match federal grants and provide funding for a portion of the TANF Block Grant MOE requirement of \$2.6 million annually. Certified matching funds would be used in lieu of General Funds to receive some of the federal matches. Certified matching funds consist of qualifying expenditures from both public and private community partners.

The Division indicates each dollar of certified matching funds used in lieu of General Funds reduces spending authority by an equal amount. Therefore, \$1 of General Funds and \$1 of federal funds produces \$2 of spending authority. If \$1 of certified match funds which has already been spent is used, the federal match of \$1 would equal \$1 of spending authority lost, creating an impact to this budget.

This reduction would result in a monthly average of 111,000 eligible children who would go unserved in FY 2011-2012 and a monthly average of 1,515 eligible children who will be unserved in FY 2012-2013. However, the Division indicates that all TANF NEON and all TANF at-risk clients would be served. The clients who would not be served would be from the discretionary population which generally consists of families with income levels between approximately 131 percent and 250 percent of the federal poverty level (FPL). This item is included in the Department's priority list for potential addback.

CHAIR LESLIE:

This is an area in which I would like to see something more provided.

MR. SASSER:

This item is important to the legal aid centers. The families who have progressed out of the TANF caseload are struggling to stay out of TANF support

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and this program is their lifeline. I am pleased this item is part of the Agency's priority add-back list and hope additional funding can be provided.

CHAIR LESLIE:

We will now consider the budgets of the Division of Aging and Disability Services (ADSD) in work session. We will begin with the work session on B/A 101-2363, Senior Citizens' Property Tax Assistance.

#### AGING AND DISABILITY SERVICES

HHS-ADSD – Senior Citizens' Prop Tax Assistance — Budget Page DHHS  
ADSD-8 (Volume II)  
Budget Account 101-2363

CATHERINE CROCKET (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Governor recommends elimination of this Program for a General Fund savings of approximately \$11.3 million over the biennium. At the budget hearing, the budget committee received seven possibilities for restoration of some portion of this Program. These include:

- Eliminate the Program.
- Eliminate refunds to renters.
- Eliminate refunds to persons above the FPL.
- Combine elimination of the Program and refund to renters.
- Eliminate refunds to persons owning "any other property."
- Change the minimum refund paid from \$5 to \$50.
- Eliminate refunds to persons with income over 150 percent of the FPL.

The Joint Subcommittee also expressed interest in knowing options the Agency explored to redirect the Program to the counties.

The Agency indicates it explored three options for redirecting the Program including transfer of the Program and associated funding to the counties. This proposal would result in a small savings due to the elimination of two staff members. The second option was to transfer the current Program to the

counties and require them to provide the funding. This action would also require the counties to adopt a different type of tax relief program.

Staff has provided a chart to the Joint Subcommittee members showing the 2011 refund amounts by county, as provided by the Division. The chart shows an approximation of what each county would be responsible for in each year of the upcoming biennium, should the current Program transfer to the counties.

At the budget hearing, the Joint Subcommittee requested that a projection for caseload and refund amounts be developed for the 2011-2013 biennium. As discussed earlier, the Fiscal Analysis Division and the Budget Office meet periodically to discuss property tax receipts and projections for future assessed valuations. That meeting was held on April 6, 2011, and Staff has not had an opportunity to evaluate the findings from that meeting.

There are three options for the Joint Subcommittee's consideration.

Option No. 1: Approve the Governor's recommendation to eliminate the Program.

Option No. 2: Choose one of the seven options discussed by ADSD at their budget hearing.

Option No. 3 Redirect the Program to the counties for a General Fund savings of approximately \$11.3 million over the upcoming biennium.

CHAIR LESLIE:

The information provided by Staff clarifies the impacts that would result from these decisions. Are these options in priority order?

MS. CROCKET:

The list of seven options is provided for the Joint Subcommittee's consideration in no particular order.

CHAIR LESLIE:

Does the Division have input as to the priority of these options?

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CAROL SALA (Administrator, Aging and Disability Services Division, Department of Health and Human Services):

The first option is to restore the Program. During the budget submission discussions, the \$11.3 million over the 2011-2013 biennium was needed to help with the expansion of the Elder Protective Services Program.

CHAIR LESLIE:

I am asking about the options such as elimination of refunds to renters and the others listed in the seven proposals. If the Joint Subcommittee were to consider one of the options other than complete elimination of the Program, what proposal would be recommended by the Division within the Senior Citizens' Property Tax Assistance Program?

MS. SALA:

Those options have not been prioritized. The change from the \$5 minimum refund to a \$50 minimum refund, however, was discussed numerous times.

CHAIR LESLIE:

Has the Division established priorities for these items?

MR. WILLDEN:

The priority, which is not on the current add-back list, would be elimination of renter refunds limiting the provision to home owners below FPL.

CHAIR LESLIE:

That answers the question. That would be Option No. 3 as provided by Staff.

ASSEMBLYWOMAN MASTROLUCA:

The option Mr. Willden referred to would become Option No. 4 which would be a combination of limiting the refund to those who own property and who are below poverty level.

CONNIE McMULLEN (Chairman, Senior Services Strategic Plan Accountability Committee):

I support providing the tax rebate for homeowners. The rebates average \$335 which is a lot of money to some seniors. There is a large group of seniors in Washoe County who are still living in their homes as they age. The

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overwhelming majority do not live in apartments. The City of Reno conducted a needs assessment study a few years ago which confirms that premise.

JEFFREY FONTAINE (Nevada Association of Counties):

The Nevada Association of Counties (NACO) urges the Legislature not to pass this additional cost on to the counties. As the members are aware, many costs are directed to the counties in the *Executive Budget*. This is another cost the counties simply cannot afford.

CHAIR LESLIE:

Is it your testimony that NACO would prefer the elimination of the Program rather than requiring the counties to absorb the costs?

MR. FONTAINE:

The NACO does not have a list of the cost impacts to individual counties that have been mentioned.

CHAIR LESLIE:

We will provide that list to NACO.

MR. FONTAINE:

No one wants to see the Program eliminated, but I do not know what else the counties can do. In many cases, the counties will not have the ability to absorb these costs.

CHAIR LESLIE:

I am not trying to put anyone on the spot, but that is the decision we have to make. The option may be to eliminate the Program as recommended by the Governor.

MS. GIANOLI:

For the record,

Our assessor estimates this would be about \$1.1 million cost to Washoe County, should we assume this service. I guess the standard is, with almost \$27 million of diversions or push downs in the State budget, we can't say what we will or won't be able to do until we know what's really going to come our way.



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CHAIR LESLIE:

The estimate provided to the Joint Subcommittee indicates \$865,109 annually.

MR. ORTIZ:

I do not have the figures today for Clark County. However, I agree this is an additional impact to be absorbed. Clark County cannot absorb any more and asks for the Joint Subcommittee's consideration.

CHAIR LESLIE:

The cost of this Program to Clark County is estimated to be approximately \$4 million.

For clarification, the costs I just mentioned for Clark and Washoe Counties are just the refund costs. They do not include the administration costs. We will now close the work session on B/A 101-2363 and open the work session on B/A 101-3252, the Elder Protective Services (EPS) Homemaker account.

HHS-ADSD – EPS/Homemaker Programs — Budget Page DHHS ADSD-43  
(Volume II)

Budget Account 101-3252

MS. CROCKET:

The Governor recommends replacing General Fund appropriations of approximately \$2.25 million over the 2011-2013 biennium with county reimbursements for EPS. The Agency indicated the counties would be billed based on the average percentage of EPS cases in each county. Staff has provided a list to the Joint Subcommittee members reflecting the amounts to be billed to each county. The Joint Subcommittee expressed an interest in billing counties for EPS services based upon the percentage of statewide population who are age 60 or older residing in each county for consistency in methodology applied by DCFS.

The projected costs for each county based on this methodology have been presented to the members of the Joint Subcommittee.

Notable differences indicated Clark County would increase by approximately \$135,000 in FY 2011-2012 and approximately \$164,000 in FY 2012-2013.

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Washoe County would decrease by approximately \$88,000 in FY 2011-2012 and approximately \$108,000 in FY 2012-2013. The LCB has received no details regarding whether the counties would pay the State or if tax revenues remitted to the counties would be withheld.

The Joint Subcommittee has two options concerning the EPS Homemaker account. Option No. 1 is to approve the Governor's recommendation to bill the counties for EPS services. Option No. 2 would be to disapprove the Governor's recommendation to bill the counties for EPS creating a General Fund addback of approximately \$2.25 million over the upcoming biennium.

CHAIR LESLIE:

Has ADSD or the Budget Office established a methodology for collection of these funds? Will the counties be billed or will the State reduce the county tax disbursement by those amounts? We are at the time in this Legislative Session that the counties and the Legislature need to know the intended methodology for this budget item.

MR. WILLDEN:

The discussion to date is that a billing notice would be established and sent to the counties based upon whatever approved allocation process is determined. If the counties do not pay the bill, the account will be sent to debt collection. That will result in either withholding tax revenue or turning the debt over to the Office of the Controller.

CHAIR LESLIE:

A Mineral County Commissioner was here a few days ago and stated Mineral County would not have the ability to pay these costs. There are some counties that will not and cannot pay this billing.

MR. WILLDEN:

We understand. We have listened to testimony and had several counties visit our offices expressing their positions. However, our only solution at this point would be to send a bill based on whatever pro rata formula is ultimately approved. If the counties do not pay, we would either be forced to shut down the Program or turn over the bill for debt collection.

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CHAIR LESLIE:

Those are not good options. We need to come to grips with this issue. The counties cannot pay this and some of the other push downs in the *Executive Budget*, particularly in the rural counties. That is, they not only will not pay, they cannot pay. Then, the proposal is to reduce their remittance of tax revenue. That may result in some counties going bankrupt. At that point, they would come back to the State for assistance.

What would happen if that scenario plays out with some of the smaller counties?

ANDREW CLINGER (Director, Department of Administration):

We have not held conversations with the counties about the process. If they were unable to pay, our only recourse is to either make attempts to collect these as bad debts and if we are unable to collect, then we would face a decision to eliminate these Programs.

CHAIR LESLIE:

What is going to happen if this budget item is approved effective July 1, 2011?

MR. FONTAINE:

I appreciate the question. There is a realistic possibility that the cumulative effect of all the cost shifts, not only to the rural counties, but also to Clark and Washoe Counties, and the addition of the 9-cent property tax diversion as well will not be possible. I cannot predict what would happen if a county cannot afford these costs. Under the *Nevada Revised Statutes* (NRS), if a county found itself in a situation where they met certain conditions, they would become a financially distressed county and the Department of Taxation would become involved, such as what occurred with White Pine County several years ago. There are a number of counties that are so financially stressed they will potentially have serious problems.

ASSEMBLYWOMAN MASTROLUCA:

To your knowledge, have there been discussions within the counties indicating which services proposed for billing the counties would not be allowed to continue? I can see that happening.

The counties are faced with the difficult choice of either knowingly going into debt they will be unable to pay or eliminating the operation of certain State programs within their counties.

MR. FONTAINE:

That will be an individual decision within each county. For the most part, the counties are limited in the kinds of services they can choose to eliminate or reduce. The counties have numerous mandates they are required to meet. They must pay for:

- Indigent medical expenses.
- Indigent defense.
- Provide clerks to the courts.

The list goes on and on. Given only the revenue shortfalls the counties are already experiencing, such as libraries and parks that are being forced to reduce their hours of operation and other quality of life services, the next level of reductions will be directed to the public safety functions. Law enforcement is being eliminated and fire stations are being closed. Unfortunately, the options are limited and some counties are out of ways to reduce their budgets.

CHAIR LESLIE:

Does NACO have a list of prioritizations from the counties similar to those being developed in the State budget? It is inevitable that some push down to the counties will occur. There are areas such as child abuse, elder abuse and other mandates that cannot be eliminated. Have the counties identified what functions could grudgingly be absorbed and what functions they absolutely cannot absorb?

MR. FONTAINE:

Are you referring to additional push downs of the current budget cycle? Certain individual counties have begun to consider those items. However, NACO, as an organization, does not have a priority list. The list can identify which programs will have the most impact. As an example, not necessarily the top priority, the long-term care shift would affect every county. It is the largest single cost shift proposed. Each individual county will need to determine its own priorities and specific needs.

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CHAIR LESLIE:

I would encourage the Budget Office to open communications with the counties not only on the items being discussed today, but others that make up the bigger picture. The Legislature is to the point where difficult decisions will need to be made. If counties cannot pay for some of these programs, the situation could just be pushed off until the interim and I do not know what that solution will be.

We will now close the work session on B/A 101-3252 and open the work session on B/A 101-3266, Community Based Services.

HHS-ADSD – Community Based Services — Budget Page DHHS ADSD-53  
(Volume II)  
Budget Account 101-3266

MS. CROCKET:

The Governor recommends \$2.5 million over the upcoming biennium to support the Autism Treatment Assistance Program (ATAP). The funding in the *Executive Budget* would establish this Program as an ongoing Program serving 83 children each month. A social services program specialist position would be added to manage the Program.

During the budget hearing, the Joint Subcommittee inquired about the ATAP wait list. The Agency tracks the number of children waiting for service but no other detailed information is tracked at this time. The number of children on the waiting list was reviewed in February 2011 indicating 215 children are currently on the wait list. Of those, 178 children have been waiting more than 90 days and 37 children have been waiting less than 90 days. The average wait time is 146 days or approximately 5 months. The maximum wait time is approximately 1,276 days or approximately 3.5 years. The average number of children on the wait list in FY 2009-2010 was 154; 189 children are on the wait list, year-to-date, for FY 2010-2011. The Agency provided wait list projections for the upcoming biennium should the 83 slots recommended by the Governor be approved. The Agency projection ranges from 281 children in July 2011 to 531 children in June 2013. However, this does not include individuals who would be referred from MHDS autism programs should the elimination of that funding be approved. As recommended by the Governor, 174 families are currently served under the MHDS program.

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The Joint Subcommittee expressed interest in discussions ASD has had with other State agencies regarding the consolidation of three existing State autism programs. A working group has been formed and they have been discussing the centralization of autism services under ASD. As discussed earlier, the director of DHHS indicated the Governor's Office has identified priorities for potential addbacks. The director noted the autism program has been identified as one of the priority addbacks.

Autism funding from MHDS would be added back at a cost of approximately \$828,000 annually. It is recommended that funding be added into the ATAP budget rather than into MHDS. The position recommended by the Governor within the Community Based Services account is not recommended for approval in the coming biennium. It is recommended a vacant position in the Nevada Early Intervention Services (EIS) account be transferred to the Community Based Services account to perform the necessary program management functions.

It is also recommended that approximately \$225,000 annually be removed from the EIS account and transferred to the budget account for Community Based Services. The Department indicates this is a historical amount spent on autism services within that account. However, we cannot verify the amount at this time.

ASSEMBLYWOMAN MASTROLUCA:

I would like the Agency to update the Joint Subcommittee on the current progress of the work group regarding streamlining of services.

CHAIR LESLIE:

I concur.

MARY LIVERATTI (Deputy Director, Department of Health and Human Services):

The work group has determined ATAP would be the primary "one-stop autism program." We have considered the programs under EIS and the Health Division which comprises the approximate \$200,000 mentioned by LCB Staff. That is the actual expenditures in FY 2009-2010 for autism services for children from birth to age three. We propose those funds be transferred to ATAP and that

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families be given a choice whether they wish to stay in EIS or move to the ATAP program for services.

The MHDS Program is sometimes referred to as the self-directed autism services. Services are provided for the current 174 families through MHDS. The families on the waiting list will be given the choice of remaining on the MHDS waiting list or moving to the waiting list for ATAP services.

ASSEMBLYWOMAN MASTROLUCA:

Would the families on MHDS age out and once that happens, the MHDS Program would end?

MS. LIVERATTI:

That is correct. Currently, children in the MHDS Program age out at age 11.

ASSEMBLYWOMAN MASTROLUCA:

Your testimony indicated there would still be a waiting list for MHDS and families could choose to remain on that waiting list or move to the ATAP waiting list.

MS. LIVERATTI:

The families on the MHDS wait list would continue to receive residential services as a part of the self-directed autism services. The self-directed autism services are open to any age from birth to death or they could choose to move to the ATAP Program.

ASSEMBLYWOMAN MASTROLUCA:

Would the number of divisions involved in these programs be reduced from three divisions to two divisions?

MS. LIVERATTI:

The primary program would be ATAP. However, services would remain available through MHDS.

ASSEMBLYWOMAN MASTROLUCA:

Would EIS be combined with ATAP, but services in MHDS would still remain?

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MS. LIVERATTI:

The MHDS Program provides services until death. The ATAP Program only addresses children up to age 19.

ASSEMBLYWOMAN MASTROLUCA:

Do these programs also have funding from federal programs?

MS. LIVERATTI:

The ATAP Program is 100 percent funded by the State General Fund. The EIS Program contains federal funds of approximately \$5 million matched by approximately \$20 million from the State General Fund.

ASSEMBLYWOMAN MASTROLUCA:

Is there a problem with moving the EIS federal funding to ATAP?

MS. LIVERATTI:

If the funding is moved, all federal requirements for use of the federal funds still apply. The ATAP would still need to offer all the same assurances and safeguards the federal government requires for EIS funds. The requirements are a part of the Individual Disability Education Act, Part C. If the General Fund allocation is transferred and not attached to the EIS Program, those federal requirements would not apply.

ASSEMBLYWOMAN MASTROLUCA:

Are there federal funds attached to the MHDS Program?

MS. LIVERATTI:

Federal funding is allocated through a waiver program, but it is not autism specific funding.

CHAIR LESLIE:

We are making progress on these budgets and the priority add-back lists. We will now discuss the Personal Assistance Services (PAS) Program.

MS. CROCKET:

At the budget hearing, the Joint Subcommittee discussed the fact that St. Mary's Regional Medical Center has informed ADSD it will no longer be the



PAS provider. The Agency has been reviewing options for continuation of the PAS Program. The Agency deems that a request for proposal (RFP) searching for a single source provider for PAS would not be a viable option at this time. An RFP procedure would take 6 to 12 months and St. Mary's will terminate services for PAS on June 18, 2011. This could result in a lapse of services for individuals receiving PAS. Additionally, the Agency identified several concerns with use of a single vendor for PAS. They include the absence of other nonprofit providers for PAS services, limiting clients choice of vendors. Also, a possible conflict of interest exists with a for-profit agency both determining eligibility and providing care.

The Agency is currently pursuing multi-vendor contracts for PAS. There are 28 PAS agencies under contract with ADSD to provide in-home care services through the Community Services Options Program for the Elderly (COPE) waiver. These entities would be qualified to provide PAS services. The Agency contacted the 28 entities and 27 have expressed interest in becoming contractors for the PAS Program.

The ADSD will make the eligibility determination, and needs assessment and perform administrative tasks related to PAS. Collection of co-payments is being considered as St. Mary's currently charges co-payments on a sliding scale from zero to \$1,000 monthly. Co-payments are currently being paid by 54 individuals from \$5 to \$1,000 monthly.

The Budget Office has indicated it will not submit a budget amendment for this change. Staff is working with the Agency to develop a possible budget closing adjustment. Alternatively, the Agency will present a work program request to the IFC meeting in June 2011.

CHAIR LESLIE:

It sounds like administration will remain with the Agency and the provision of services will be contracted to ensure the individuals continue to receive assistance.

MS. SALA:

To address the immediate need of continuing services to these clients, ADSD will provide the oversight within the Agency. We are working on amendments

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to current PAS contracts to provide direct services for these individuals. These entities currently provide services to COPE clients and also have contracts with Medicaid for waiver clients.

CHAIR LESLIE:  
Which entity provides case management?

MS. SALA:  
The current plan is to provide case management internally. The ADSD would later initiate an RFP to see what other possibilities exist. However, in discussions with the Purchasing Division of the Department of Administration, it appears the RFP process would be too lengthy at this time.

CHAIR LESLIE:  
Is the long-term plan to continue vendor contracts or ultimately to manage the program within the Agency?

MS. SALA:  
The ADSD is developing a concept paper and making cost projections. A meeting has been scheduled with our LCB Staff and budget analyst for Wednesday, April 13, 2011, to complete the information for discussion of which program plan is preferred.

CHAIR LESLIE:  
It appears that ADSD has made progress in ensuring the individuals under PAS will not suffer a gap in their provision of services.

MS. SALA:  
That is our most immediate priority.

CHAIR LESLIE:  
We will look forward to working with our Staff to analyze what long-term mode of operation is best.

MS. CROCKET:  
The next budget account for discussion is B/A 101-3151, Aging Federal Programs and Administration.

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HHS-ADSD – Federal Programs and Administration — Budget Page DHHS  
ADSD-25 (Volume II)  
Budget Account 101-3151

The Governor recommends consolidation of all the Division fiscal and administrative positions into this account. This would affect 24 positions in four other ADSD budgets through decision units E-900, E902, E903, E-906, E-907, E-908, E-909, E-911, E-921, E-922, E-923 and E-926.

E-900 Trans Base from HCB Programs to ADSD Fed Program — Page DHHS  
ADSD-34  
E-902 Trans Base from SR RX/Disability RX to ADSD Admin — Page DHHS  
ADSD-35  
E-903 Trans Base from EPS/Homemaker to ADSD Admin — Page DHHS  
ADSD-35  
E-906 Trans E-710 from HCB Programs to ADSD Fed Program — Page DHHS  
ADSD-36  
E-907 Trans E-710 from SR RX/Disability RX to ADSD Admin — Page DHHS  
ADSD-36  
E-908 Trans E-710 from EPS/Homemaker to ADSD Admin — Page DHHS  
ADSD-37  
E-909 Trans Base from Comm Based Srvcs to ADSD Admin — Page DHHS  
ADSD-37  
E-911 Trans E-710 from Comm Based Srvcs to ADSD Admin — Page DHHS  
ADSD-38  
E-921 Trans E-275 from HCB Programs to ADSD Fed Program — Page DHHS  
ADSD-38  
E-922 Trans E-275 from SR RX/Disability RX to ADSD Admin — Page DHHS  
ADSD-39  
E-923 Trans E-275 from EPS/Homemaker to ADSD Admin — Page DHHS  
ADSD-39  
E-926 Trans E-275 from Comm Based Srvcs to ADSD Admin — Page DHHS  
ADSD-39

The Agency has indicated a primary advantage of consolidating the positions into B/A 101-3151 is that the Division can streamline the application of its cost allocation plan to maximize federal fund appropriations. The budget account

reorganization would be modeled after the Division of Health Care Financing and Policy's (DHCFP) budget account which places administrative and program costs within separate budget accounts.

The Agency currently administers six programs from B/A 101-3151. Several of these grant programs appear to be self-sufficient providing greater transparency and fund tracking. These programs can be moved into a separate budget account with funding transferred from B/A 101-3151 for staff time spent on these programs.

Additionally, other State agencies utilize a pass-through budget account for federal grants, whereas ADSD accepts grant funds directly into the account which also administers the program activities and subgrants.

Federal funding is received from the federal agency into pass-through accounts. Subgrants to other entities and transfers to other ADSD budget accounts are then accounted for in grant-specific expenditure categories. This could potentially result in greater transparency for use of federal funds. However, an additional workload would be associated with administration of an additional budget account.

The Joint Subcommittee has three options to consider.

- Approve the Governor's recommendation to consolidate all fiscal staff within B/A 101-3151.
- Create a pass-through account to separate various grant programs and approve the Governor's recommendation to consolidate fiscal staff within the Federal Programs and Administration account.
- Disapprove the Governor's recommendation and retain the positions in their original budget accounts.

CHAIR LESLIE:

Would the Agency concur with approval of Option No. 2 to create pass-through accounts? Transparency and tracking efforts would be enhanced.

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BRENDA BERRY (Administrative Services Officer, Aging and Disability Services Division, Department of Health and Human Services):  
Option No. 2 would cause a tremendous workload for the fiscal staff and we are already taxed to properly manage the current accounts.

CHAIR LESLIE:  
How much extra time would Option No. 2 require?

MS. BERRY:  
Our staff already has a large number of work programs which require ongoing analysis to ensure grants are received and that funds are properly aligned.

CHAIR LESLIE:  
Please work with our Staff concerning the potential additional workload.

MS. BERRY:  
We will work with your LCB Staff.

CHAIR LESLIE:  
We will close the work session on B/A 101-3151 and open the work session on decision units E-909, E-911, E-912, E-915, E-916, E-919, E-920, E-924, E-925, E-926 and E-930 of B/A 101-3266.

E-909 Trans Base from Comm Based Srvcs to ADSD Admin — Page DHHS  
ADSD-61  
E-911 Trans E-710 From Comm Based Srvcs to ADSD Admin — Page DHHS  
ADSD-61  
E-912 Trans Base from HCB Programs to Comm Based Srvcs — Page DHHS  
ADSD-62  
E-915 Trans E-710 from HCB Programs to Comm Based Srvcs — Page DHHS  
ADSD-62  
E-916 Trans Base from EPS/Homemaker to Comm Based Srvcs — Page DHHS  
ADSD-63  
E-919 Trans E-325 from EPS/Homemaker to Comm Based Srvcs — Page DHHS  
ADSD-63  
E-920 Trans E-710 from EPS/Homemaker to Comm Based Srvcs — Page DHHS  
ADSD-64

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E-924 Trans E-275 from HCB Programs to Comm Based Srvcs — Page DHHS  
ADSD-64

E-925 Trans E-275 from EPS/Homemaker to Comm Based Srvcs — Page DHHS  
ADSD-65

E-926 Trans E-275 from Comm Based Srvcs to ADSD Admin — Page DHHS  
ADSD-65

E-930 Trans E-690 from EPS/Homemaker to Comm Based Srvcs — Page DHHS  
ADSD-66

MS. CROCKET:

As the other part of the consolidation of budget accounts within ADSD, the Governor recommends consolidating all program positions into the Community Based Services Account. One hundred twenty-one positions would be transferred to this account from three other budget accounts.

The advantage of this recommendation would allow the Agency to streamline its cost allocation plan and maximize federal funds available. Currently staff's time must be spent on programs within the budget account under which the positions are located. However, after all the positions are consolidated, staff could work on any of the programs within the Home and Community Based Services Account, EPS/Homemaker Account or the Community Based Services Account. This could lead to efficiencies in service delivery. However, transparency would be lost with regard to personnel expenditures. Positions could potentially be redirected from one program to another without approval of the Legislature or IFC. Nine programs reside within this budget account. No General Fund savings would result from this consolidation.

The Joint Subcommittee has been provided two options for consideration.

Option No. 1: Approve the Governor's recommendation to consolidate all program staff into the Community Based Services budget account.

Option No. 2: Disapprove the Governor's recommendation and instruct ADSD to retain programs in separate budget accounts.

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CHAIR LESLIE:

A great deal of transparency would be lost. Also, the Agency will lose the ability to track staff as they work in a variety of programs would be lost. Does the Agency have some form of tracking method to address this concern?

MS. BERRY:

We currently have a cost allocation plan approved through the DHCFP which includes 100 percent time tracking. All employees in the Agency record their time in cost pools established for each specific program. No transparency should be lost with this proposal. The recommendation will allow the Agency to effectively and efficiently make cost allocations to federal funds or General Funds. It will be a streamlined process. The current process is convoluted and difficult to track.

Social workers in the Centers for Disease Control and Prevention Program are being cross trained to assist with the critically important EPS program. The recommendation will help the Agency and the fiscal unit to manage costs allocations to the appropriate federal funds and ensures matching funds are allocated correctly.

CHAIR LESLIE:

Are tasks tracked on a daily or weekly basis?

MS. BERRY:

Tasks are tracked daily in increments as small as one-quarter hour. Information on the process and results can be provided to the Joint Subcommittee if requested.

CHAIR LESLIE:

Please provide that information to our Staff. Does Agency staff actually record their time precisely at the end of each day?

MS. BERRY:

The time records are approved by the supervisors and submitted to the fiscal unit. The federal government approves of the process being used.

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ASSEMBLYWOMAN MASTROLUCA:

Will the Senior Rx and Senior Disability Programs remain in separate budget accounts? Is there a reason for that?

MS. BERRY:

Because of their funding by Tobacco Settlement funds and structure, it was determined to intentionally leave them separate. The programs are designed to provide prescription and insurance costs, whereas the other programs are home and community based services involving social workers.

MR. SASSER:

The entities I represent are extremely nervous about all the push downs to counties and what it will mean in their budgets. As testified earlier, if the bill collection process does not work, providing services such as Adult Protective Services will be a problem.

Paul Gowins and others in the disability community are concerned about St. Mary's ceasing to provide PAS services. They recommend that whatever program takes its place continue to provide the option of 629 services. The 629 services are training for personal care attendants to provide minimum medical services such as changing catheters. Doctors train the attendants alleviating the need for nurse assistants to perform routine daily needs. Very few of the 28 agencies mentioned earlier allow 629 services. St. Mary's did allow those services.

Those I represent are also concerned that other programs keeping people out of institutions remain adequately funded.

We are pleased that progress has been made on the autism programs.

MS. McMULLEN:

I am also Chair of Washoe County Senior Services.

I am very concerned about the push downs proposed to the cash-strapped counties. I am also concerned about the process once the Legislature adjourns *sine die*.



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I am equally concerned that the waiver funding is recommended to remain flat and not be based on demographic growth, particularly in this economic situation.

It seems ADSD is putting all the extra funds available from all their programs to help fund the EPS program that was handed off to them. They were given two years notice by Clark County to make the change. It is unfair to give the other counties very little notice or assistance in paying for that Program. I am appalled at the idea of the State taking counties to bad debt collection. Today is the first time I have heard that proposal.

CHAIR LESLIE:

These issues are not a laughing matter. Some of the proposals are almost absurd.

MR. FONTAINE:

I concur with the Chair's comments.

There has been much discussion about the counties absorbing certain services and perhaps paying additional costs for other services. Given time and the proper environment you would find the counties more than willing to consider some of these possibilities. However, with the 120-day Legislative Session, there is insufficient time to transfer the services or expenses. County budgets must be submitted by June 1, 2011.

In the future, as we look at what level of government should be providing what levels of service, NACO wants to express its willingness to cooperate to try to meet the needs.

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CHAIR LESLIE:

I appreciate those comments. Seeing no further business before the Joint Subcommittee, we are adjourned at 10:30 a.m.

RESPECTFULLY SUBMITTED:

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Cynthia Clampitt,  
Committee Secretary

APPROVED BY:

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Senator Sheila Leslie, Chair

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

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Assemblywoman April Mastroluca, Chair

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

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<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Romaine Gilliland, DWSS	Silver State Works Program Proposal