

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

**Seventy-Seventh Session  
March 22, 2013**

The joint meeting of the Assembly Committee on Ways and Means' Subcommittee on Human Services and the Senate Committee on Finance's Subcommittee on Human Services was called to order by Chair Maggie Carlton at 8:05 a.m. on Friday, March 22, 2013, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at <http://nelis.leg.state.nv.us/77th2013>. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Assemblywoman Maggie Carlton, Chair  
Assemblyman Michael Sprinkle, Vice Chair  
Assemblyman David P. Bobzien  
Assemblyman John Hambrick  
Assemblyman Pat Hickey  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblyman Randy Kirner

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Debbie Smith, Chair



**COMMITTEE MEMBERS EXCUSED:**

Assemblyman William C. Horne  
Senator David R. Parks  
Senator Ben Kieckhefer

**STAFF MEMBERS PRESENT:**

Cindy Jones, Assembly Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Mark Winebarger, Program Analyst  
Nate Helton, Committee Secretary  
Patricia Adams, Committee Assistant

Chair Carlton recognized Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation (DETR) and requested that he begin the presentation of the budget accounts to be considered by the Subcommittees.

Mr. Woodbeck introduced himself to the Subcommittees and gave brief opening remarks before addressing the first budget account. He indicated he was proud of the work that the Department had done and was honored to lead the Department as its Director. Mr. Woodbeck introduced Dennis Perea, Deputy Director, DETR, and Maureen Cole, Administrator, Rehabilitation Division, DETR.

Before addressing the first budget account, Ms. Cole provided an overview of the Rehabilitation Division. The mission of the Division was to bring Nevadans together to promote barrier-free communities in which individuals with disabilities had access to opportunities for quality work and self-sufficiency. The Division had three areas of activity that supported this mission: the Bureau of Vocational Rehabilitation (BVR), the Business Enterprises of Nevada (BEN) program, and the Bureau of Disability Adjudication (BDA).

The Bureau of Vocational Rehabilitation provided vocational rehabilitation (VR) services to the disabled to overcome barriers to employment so that such persons could become more independent and self-sufficient through integrated and competitive work. Ms. Cole reported that in the last year the Bureau provided VR services to over 5,800 Nevadans with disabilities and assisted 852 persons to find and maintain employment with an average hourly wage of \$11.50. Fifty-five percent of the individuals who successfully attained work received healthcare insurance benefits from their employers.

Ms. Cole said that the VR program was funded by a federal Section 110 of the Rehabilitation Act of 1973 grant that required a nonfederal match of 21.3 percent. Nevada's annual VR allotment was approximately \$22 million, said Ms. Cole, but the state was only able to match about \$16 million of that. The nonfederal match was made up of qualified expenditures from the BEN program, Master Settlement Agreement (MSA) dollars, qualified independent-living expenditures, and a General Fund allocation.

Next, Ms. Cole explained the methodology for processing federal draws. Every week, DETR's Financial Management Unit collected VR program expenses, such as client services expenses, personnel costs, and operating costs. The Unit then determined the amount of federal and nonfederal funds necessary to pay those bills in full. First, the Unit used qualified expenditures from BEN, independent living, and MSA funds to match the federal funds. If there had not been sufficient expenditures from those funds during the week, the Unit then used part of the General Fund appropriation. Ms. Cole reported that General Fund dollars were the last to be spent to match and draw down the federal dollars.

One of the responsibilities of the VR program was to provide VR services to individuals who were blind or visually impaired. Ms. Cole stated that the Rehabilitation Act of 1973 permitted states to provide VR services to all qualified persons with disabilities as a combined-services agency or to set up separate agencies: one to serve only individuals who were blind or visually impaired and another to serve all other VR participants. In either case, the federal government provided only one grant and did not mandate the proportion of the funds that must be spent to serve any particular segment of the disability community. Nevada's VR program had been designated as a combined agency by the federal government for many years, Ms. Cole stated, but the state's budgeting process did not reflect that designation. This was because the program operated with two separate budget accounts (BAs): Vocational Rehabilitation (BA 3265) and Services to the Blind and Visually Impaired (BA 3254). For the 2013-2015 biennium, the Rehabilitation Division requested to consolidate the two BAs to achieve greater efficiency in the bookkeeping, accounting, and budgeting processes and to provide greater clarity in the financial status of the whole VR program at any given time. Ms. Cole assured the Subcommittees she would go into more detail on that matter later in the presentation.

According to Ms. Cole, the VR program included a \$300,000-per-year supported employment grant that served individuals with the most significant disabilities who may require intensive preemployment services and who may also need postemployment services to be successful. Ms. Cole stated there was no state match required for the supported employment grant.

Bureau of Vocational Rehabilitation staff also provided independent-living services to persons aged 55 or older who were blind or visually impaired, but who were not seeking employment. Ms. Cole commented that last year, 77 persons received training in using a cane to navigate, accessing public transportation, housekeeping, personal care, and how to effectively use assistive technology to allow them to live independently and avoid institutionalization. The Independent Living Services for Older Individuals Who Are Blind grant (Title VII of the Rehabilitation Act) required a 10 percent nonfederal match, which Ms. Cole said was similar in funding structure to the larger [Section 110] grant.

Ms. Cole explained that 122 full-time-equivalent (FTE) positions provided VR services statewide; many of the staff were located in Nevada JobConnect offices. Of the 122 total FTEs within the Bureau, 45 were VR counselors. Ms. Cole announced that today's date, March 22, was both the national and State of Nevada's day of recognition for professional VR counselors.

The second component of the Rehabilitation Division was the Business Enterprises of Nevada (BEN) program. The program administered BEN sites across the state that were operated by licensed vendors who were blind or visually impaired. Ms. Cole pointed out that the Caucus Deli in the Legislative Building in Carson City and Sunny's Too Cafeteria in the Grant Sawyer State Office Building in Las Vegas were 2 of the program's 15 licensed vendors. There were 26 other BEN sites that also provided value and convenience to employees and visitors of state, local, and federal facilities in Nevada. Those sites generated over \$8.3 million in sales in the last year. The BEN program received no state or federal funds, but operated instead on a portion of the net-monthly proceeds from each BEN site paid into the program's enterprise fund, which was then used to pay all program expenses. As previously mentioned, some of the program's expenditures went towards the nonfederal match for the Section 110 grant. Ms. Cole reported that the BEN program included six FTEs that managed and supported the vendors and BEN sites throughout the state.

The third area of activity in the Rehabilitation Division—the Bureau of Disability Adjudication (BDA)—processed claims filed by Nevadans for the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. Last year, the Bureau received 32,411 claims, issued determinations and closed 29,500 claims, and boasted a 96 percent accuracy rate.

According to Ms. Cole, the BDA was funded entirely by federal Social Security Administration (SSA) funds and received no state funding. Currently, the BDA had 137 FTEs and maintained offices in Carson City and Las Vegas. Ms. Cole explained that a hiring freeze implemented by the SSA several years ago only allowed the BDA to fill personnel vacancies when specifically authorized to do so by the SSA. Because of the hiring freeze, the vacancy rate within the BDA was about 17 percent each year, said Ms. Cole. Thirteen FTEs within the Bureau were what Ms. Cole referred to as the "rehabilitation administration group"—they provided direction and administrative support for all of the Rehabilitation Division's activities, programs, and personnel.

Ms. Cole stated that in the upcoming biennium, the Rehabilitation Division would continue to implement and build on best practices that had proven and positive results around the nation and in Nevada. One of the best practices was a new approach in VR marketing that focused on promoting individuals with disabilities as a legitimate and viable part of the labor market. The Division was influenced by successful efforts in Massachusetts to accomplish such objectives.

Ms. Cole said another Division highlight was the refocusing of duties of the Office of Disability Employment Policy (ODEP) Chief position. Over the last 14 months, the Chief worked closely with the Office of Economic Development, Office of the Governor (GOED), and various regional economic development authorities, local chambers of commerce, large and small businesses, and other governmental organizations to help acquaint them with the benefits of hiring the disabled. The Chief served as the Bureau of Vocational Rehabilitation's point of contact for disability-hiring initiatives in Nevada. The Chief had worked with companies such as:

- MGM Resorts International
- Office Depot, Inc.
- Southwest Airlines Co.
- Safeway, Inc.
- Newmont Mining Corporation

- Barrick Gold Corporation
- Arrow Electronics, Inc.
- OfficeMax
- T.J.Maxx
- Marshalls
- Walgreens

Ms. Cole remarked that the Chief had a close working relationship with the Office of the Governor as well as the National Governors Association (NGA), the current theme of which was "a better bottom line, hiring people with disabilities." The position of ODEP Chief would continue to build relationships with members of DETR's nine industry sector councils and integrate qualified job seekers with disabilities into Nevada's statewide job-referral service. Ms. Cole said the goal was to match individual strengths, abilities, and interests with employer needs and to foster that relationship over time to ensure that it continued to meet the expectations of both parties. Ms. Cole commented that often what may be perceived as a disability could in fact be an asset in the right work setting, something that the Division hoped to communicate to Nevada's employers.

Ms. Cole stated that over the next two years the VR program would develop expanded programs to serve persons with the most significant disabilities. Two such programs were currently being piloted in northern Nevada, the first of which was a customized employment program conducted in partnership with the Nevada Center for Excellence in Disabilities (NCED) at the University of Nevada, Reno (UNR). That program resulted in the placement of numerous individuals in jobs that were created to serve a unique business need of the employer, while also using the unique abilities of a VR participant. Ms. Cole informed the Subcommittees that the second such program was called "Pathways to Work" and existed as a partnership among High Sierra Industries, the Sierra Regional Center (operated by the Division of Mental Health and Developmental Services, Department of Health and Human Services), and the Bureau of Vocational Rehabilitation. The program provided intensive, individualized job training to select participants with the most significant disabilities and provided extensive follow-up support to ensure the participants were successful and the businesses were satisfied. Ms. Cole said the Division hoped to replicate those pilot projects in southern Nevada and to strengthen and expand its project search program.

Ms. Cole stated that the Division was working with several school districts to expand partnerships between them and the Bureau of Vocational Rehabilitation. This was to better serve high school students with disabilities and to make their transition from secondary school to work or higher education seamless and productive. Ms. Cole indicated that research had shown that young people who failed to attach to the labor force during this transition period may have trouble doing so later in life, and some may never become independent and self-sufficient.

Ms. Cole said a return-on-investment analysis demonstrated that for every dollar spent on VR, the state could expect a return of between \$3.67 and \$5.64. The value was even greater, Ms. Cole opined, because of the intangible benefits of every person participating to his fullest potential and contributing to Nevada's communities.

Ms. Cole remarked that the VR program would continue to optimize the benefits of the paperless case management system that was set to launch in the coming weeks. Going totally paperless would save the Bureau of Vocational Rehabilitation time and money, in addition to generally streamlining its casework. The Division would continue the advertising and public relations campaign that had been ongoing for a number of months, said Ms. Cole. Despite spending less money on the campaign, the concepts, brand, and artwork could be used at a lower cost through in-house efforts and a minimal reliance on external outlets.

Ms. Cole finished her overview of Rehabilitation Division highlights and told Chair Carlton she would be glad to answer any questions from members of the Subcommittees before moving on to the presentation of the Division's budget accounts.

Chair Carlton thanked Ms. Cole. Hearing no response to her request for questions from members of the Subcommittees, Chair Carlton asked Ms. Cole to begin her presentation on budget account 3268.

**HUMAN SERVICES  
EMPLOYMENT, TRAINING AND REHABILITATION  
REHABILITATION ADMINISTRATION (101-3268)  
BUDGET PAGE DETR-8**

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), began her testimony on budget account (BA) 3268, Rehabilitation Administration. The 13 full-time-equivalent (FTE) staff in this budget directed, administered, supported, and managed the activities, programs, and personnel of the Rehabilitation Division of the Department. Staff was also responsible for tracking and providing reports on the Ticket to Work program; staffing the Nevada State Rehabilitation Council; and working with the Purchasing Division, Department of Administration, to issue requests for proposals (RFPs), develop contracts, and monitor vendor performance and payments. Staff also produced performance indicators and other required management reports for the Rehabilitation Division.

Ms. Cole indicated that decision unit Enhancement (E) 225 provided funding to allow the Office of Disability Employment Policy (ODEP) Chief to continue to attend employment trade shows, chamber of commerce events, hiring fairs, and similar events to promote the business case for hiring the disabled.

Decision unit E-228 requested the authority to continue the Division's policy of reimbursing vocational rehabilitation (VR) counselors for the cost of the initial professional certification examination. Ms. Cole noted that the class specifications for the position of VR counselor required an incoming counselor to either be certified by the Commission on Rehabilitation Counselor Certification (CRCC) or be eligible to sit for the examination within 36 months from the start of employment. Ms. Cole said this request would be repeated in two other budget accounts.

Decision unit E-229 would relocate the Rehabilitation Administration office to a location to be determined in fiscal year (FY) 2015. The current office, located at 1370 South Curry Street in Carson City, had problems with water leaks in the roof during inclement weather. Ms. Cole said this decision unit would be repeated in other budget accounts.

Ms. Cole explained that decision unit E-230 pertained to Nevada's preferred purchase program, which was mandated by *Nevada Revised Statutes* (NRS) 334.025 to be administered by the Rehabilitation Division.



Decision unit E-230 took note of the revenue generated from the administrative fee paid by the participating community training centers (CTCs), but Ms. Cole said the request for authority to expend the funds was inadvertently omitted and would be corrected with a work program after the beginning of the new fiscal year.

Ms. Cole indicated that decision unit E-806 was a salary increase for the unclassified position of ODEP Chief. A review conducted by the Division concluded that a comparable position within the unclassified service was that of a senior associate for industrial development in the Governor's Commission on Economic Development. The request would increase the salary of the ODEP Chief to slightly less than the comparable position. Ms. Cole noted that this decision unit would appear again in E-911 in this BA and in E-511 in BA 3265.

Decision units E-910 through E-913 mirrored decision units E-510 through E-513 in BA 3265, said Ms. Cole. The enhancement requests would transfer the position and associated costs of the ODEP Chief from Rehabilitation Administration (BA 3268) to Vocational Rehabilitation (BA 3265). Ms. Cole said the Chief's day-to-day activities mainly benefited the Vocational Rehabilitation program. Therefore, the cost allocation of this position's salary, benefits, travel, and other expenses were more properly paid directly from BA 3265.

Ms. Cole concluded her testimony on BA 3268 and said she would answer questions from the Subcommittees.

Chair Carlton thanked Ms. Cole. Her first question for Ms. Cole was regarding the transfer of the ODEP Chief position to the Vocational Rehabilitation budget account and the associated salary increase. Chair Carlton felt the Subcommittees needed to better understand the job responsibilities of the position and the process that was followed to determine the amount of the salary increase. While she knew the motive was to align the position's salary with those of his peers, Chair Carlton asked how that structure was evaluated. The Subcommittees had problems with similar efforts in other budget accounts, and Chair Carlton asked Ms. Cole to provide more insight into this particular request.

Ms. Cole restated that the purpose of the Office was to market and promote the hiring of individuals with disabilities and to acquaint businesses with the case for hiring the disabled. Ms. Cole thought the position of ODEP Chief was

"fairly unique" within the state, with the exception of the aforementioned position in the Governor's Commission on Economic Development. That was why the Division compared the ODEP Chief position to a position in that agency in deciding on an appropriate salary for the ODEP Chief.

Chair Carlton explained to Ms. Cole that often when an agency sought to establish a salary structure for an employee it would enlist the help of the Division of Human Resource Management (DHRM). The DHRM would take into account the job duties and, after conducting a comparison, would return to the agency with the salary that it thought was appropriate for that position. Chair Carlton asked Ms. Cole whether that procedure was followed in this case. Ms. Cole stated that the Rehabilitation Division conducted the comparison independently and did not reach out to the DHRM for assistance with the ODEP Chief position.

Assemblyman Sprinkle understood the Division's decision to compare the position of ODEP Chief to positions in other government agencies. In looking at his notes, Assemblyman Sprinkle said it looked like the position of ODEP Chief was also compared to positions in the private industry by the Division in determining the Chief's salary structure. He had not seen this in other budgets and asked Ms. Cole whether that was a common practice. Ms. Cole apologized for the misunderstanding but assured Assemblyman Sprinkle the Division only made comparisons to unclassified positions within the state service.

Regarding existing contracts with external job developers, Chair Carlton asked Ms. Cole whether the Division would have to exit from those contracts early because of the changes in the ODEP Chief position. Ms. Cole said there was a distinction between the duties of the contracted job developers and the ODEP Chief. Job developers worked one-on-one with individual clients and employers to fill each position, which Ms. Cole said was a key client service activity. The position of ODEP Chief operated on more of a policy level, explained Ms. Cole, and once he garnered an employer's interest in hiring persons with disabilities, he would "hand off" the situation to a job developer. Chair Carlton thanked Ms. Cole for that clarification and revealed she was still learning the ins and outs of some of the smaller parts of the budget.

Chair Carlton asked about the effects that the change in funding structure of the ODEP Chief position would have on client services. The effect would be very beneficial, Ms. Cole responded, because it would result in an increase in jobs in businesses that had not historically hired the disabled. Chair Carlton

questioned Ms. Cole about whether there would be a change in the funding of client services. If she was correct, Chair Carlton believed some of the proposed funding for the ODEP Chief position was once allocated for client services. Ms. Cole said Chair Carlton was correct; there would be a change in funding for client services. Chair Carlton asked whether Ms. Cole had an idea of how client services would be affected by the funding changes. Chair Carlton also asked whether Ms. Cole knew the amount of funds that would be transferred through this request. Ms. Cole said the increase in salary for the ODEP Chief was between \$8,000 and \$9,000 per year. The loss of those dollars from the client services funding would be offset by the increased generation of jobs, Ms. Cole predicted. The Division would probably need to do more follow-up work with Fiscal staff on those numbers, Chair Carlton told Ms. Cole.

Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation, said that as the Department moved into looking at the industry sectors and tried to develop pathways to work opportunities in those industry sectors, the development of business opportunities would come to the Office of Disability Employment Policy. That was one of the reasons for upgrading that office. Mr. Woodbeck said the hope was that the disabled would have the same employment opportunities as any other group. Mr. Woodbeck predicted the Department would see dividends from improvements in the numbers and the quality of jobs that would be available to individuals with disabilities. Chair Carlton thanked Mr. Woodbeck for his comments, noting that she had been concerned about the quality of jobs for the disabled for years, as well as making sure that those persons received benefits and worked in a quality work environment.

Assemblyman Kirner said he understood that the objective was to improve and increase the quality and quantity of job placements. He asked Ms. Cole whether the Rehabilitation Division was already doing that. Assemblyman Kirner said he was under the impression that the request was only to move the position of ODEP Chief to another budget account, but it was not a new position.

Ms. Cole told Assemblyman Kirner he was correct. In the past, the ODEP Chief performed other duties. Ms. Cole said there was a national trend emerging of integrating vocational rehabilitation and the persons trained through the VR program into the mainstream workforce development programs. She pointed out that businesses had communicated to the Division that combining job development efforts would be ideal.

Assemblyman Kirner wished to reiterate Chair Carlton's comment that at some point, the Rehabilitation Division would need to reach out to the Division of Human Resource Management (DHRM) and get the DHRM's concurrences to the job level and position salary for the position of ODEP Chief.

Assemblyman Sprinkle wished to discuss decision unit Enhancement (E) 230, which pertained to the preferred purchase program. Looking at that decision unit, Assemblyman Sprinkle said it appeared there were no associated operating costs and he asked Ms. Cole whether that was correct. He said it also appeared that some reserve funds were included in the decision unit and he asked Ms. Cole what those funds would be used for if there were no operating costs.

Ms. Cole stated that there were indeed operating costs associated with E-230, but as she had previously mentioned, they were inadvertently left out of the budget. Operating costs would include a small amount of staff time to collect and oversee fees, and to provide technical assistance to the community training centers (CTCs) that participated in the preferred purchase program. Ms. Cole noted that the Division also wished to collaborate with the Purchasing Division, Department of Administration, to promote the preferred purchase program as an easy resource for the services and goods the program provided, such as computer toner, computer cartridges, janitorial services, paper-shredding services, and document management.

Chair Carlton asked whether a budget amendment would be submitted to address those issues or whether staff would work to rectify the numbers.

Dennis Perea, Deputy Director, Department of Employment, Training and Rehabilitation, responded to the question from Chair Carlton. When the budget request was drafted, Mr. Perea explained, expenses were established for decision unit E-230, but Mr. Perea and his staff could not quantify and document those expenses appropriately for the Budget Division, Department of Administration. For that reason, the Department determined to move the expenses into the reserve account and request them later.

Chair Carlton remarked that Mr. Perea provided an excellent segue into a discussion on the amount of dollars within and the size of the reserves. Chair Carlton asked how the reserves were going to be adjusted and spent down. Ms. Cole said the Division anticipated a work program after the first of the year to identify the expenses and request authority to expend the funds.

Chair Carlton asked Ms. Cole whether she meant the first of the next calendar year, to which Ms. Cole clarified that she meant the first of the next fiscal year [July 1, 2013]. Chair Carlton stated that the Subcommittees would like to have an idea of the Division's plan, for if the Division did not need to charge a four percent fee to the participants of the preferred purchase program to fund the administration of the program, then the fee should be reduced. Ms. Cole commented that while statute permitted the Division to charge program participants a fee of up to 4 percent, the Division initially charged only a 2 percent fee that had since been lowered to 1 percent. Chair Carlton thanked Ms. Cole for that clarification.

Hearing no response to her request for additional questions from members of the Subcommittees on this particular budget item, Chair Carlton stated that she had a question regarding the in-state travel and operating costs [decision unit E-225]. She asked Ms. Cole to explain what types of marketing materials were used. Ms. Cole said the materials were promotional items such as key chains, pens, sticky notes, and pamphlets. The ODEP Chief distributed the items at job fairs and other events. Chair Carlton wondered whether the items had any electronic components, such as references to the agency's website. Ms. Cole confirmed that the materials referred persons to the Department's website and other websites that may be of interest. Chair Carlton thanked Ms. Cole and said she had several other questions on that matter, but could follow up later.

Chair Carlton reported that there were no other questions from members of the Subcommittees on this budget account and asked Ms. Cole to proceed to the presentation on budget account 3269.

**HUMAN SERVICES**  
**EMPLOYMENT, TRAINING AND REHABILITATION**  
**DISABILITY ADJUDICATION (101-3269)**  
**BUDGET PAGE DETR-17**

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), stated that budget account (BA) 3269 covered the Bureau of Disability Adjudication (BDA). As Ms. Cole previously mentioned, the Bureau processed federal Social Security Insurance (SSI) and Social Security Disability Insurance (SSDI) claims filed by Nevada residents.

Decision unit Enhancement (E) 225 requested to add two senior physician (Range B) positions to the Bureau in the upcoming biennium. One senior physician would be hired in the first year of the biennium, and another would be hired in the second year of the biennium. Ms. Cole explained that the Bureau's senior physicians did not see or examine benefits applicants, but reviewed medical documentation, assisted individual caseworkers with medical documentation questions, and provided staff training in medical terminology and policy application. Ms. Cole said work performance standards for positions required them to complete a medical case review in an average of 47 to 57 minutes with an accuracy rate of 95 to 97 percent. In federal fiscal year (FFY) 2012, Ms. Cole noted that senior physicians within the Bureau completed medical case reviews in an average of 44.6 minutes per case review, and the senior physicians met or exceeded the accuracy standard. Despite completing over 21,000 cases, Ms. Cole pointed out that the queue of cases waiting for medical review had steadily increased from 135 cases in November 2012 to 627 cases as of March 18, 2013.

Chair Carlton asked when the Bureau evaluated the accuracy of the senior physicians' determinations, whether the number of appeals that were placed based on those determinations was taken into account. Chair Carlton mentioned she was aware there had been many appeals filed.

Ms. Cole replied to Chair Carlton that the accuracy rate did not account for the number of appeals: the rate was based on a random sampling of the reviews performed by any particular senior physician. The sampling was conducted by another qualified physician who looked for inaccuracies, policy misapplications, and other similar items.

In response to a question from Chair Carlton, Ms. Cole said there was a system that the Bureau used to track appeals. Chair Carlton asked whether the appeals had been tracking up or down, to which Ms. Cole replied that she believed that as the number of completed cases increased, so did the number of appeals.

Chair Carlton remarked that she would look at the percentages of completed cases resulting in an appeal filing and make a comparison between past years to see whether there was a higher percentage of appeals today. Naturally, the number of appeals would track with the increase in the number of completed cases, stated Chair Carlton, but she was concerned about the aforementioned percentages. Chair Carlton reported that she could not count the number of calls she had received in the last two years from persons who had gone through

the process and had cases completed after the timeline had passed, who then also had to go through the appeals process.

Chair Carlton inquired as to the cause of the backlog in casework within the Bureau. She asked Ms. Cole whether the problem might have been caused by the workload or any problems with the disability adjudicators. Chair Carlton acknowledged that Ms. Cole might have planned on going into more detail on that matter later in hearing, so Chair Carlton said she would save those questions for after the remainder of Ms. Cole's testimony.

Assemblyman Kirner mentioned the Bureau's request to hire two senior physicians, and he questioned the Bureau's record of hiring and retaining staff in that area. Mr. Kirner said it seemed to him that there was a shortage of physicians that were practicing, so it seemed as though the position of senior physician would be difficult to hire, train, and retain persons in that position.

In response to Assemblyman Kirner, Ms. Cole claimed the physician classification was not particularly difficult to fill, despite the possibility that some physicians could make more money in private practice or other areas. Many physicians enjoyed the kind of work done in the Bureau, and some had family commitments that would not allow them to work the excessive schedule that many physicians worked in private practice.

Ms. Cole reported that the position of disability adjudicator was more difficult to keep filled than the position of senior physician. The time it took to fully train a disability adjudicator so that he was fully conversant with state policies, procedures, and medical terminology was two years. The work of a disability adjudicator was very difficult and stressful, Ms. Cole opined. Often, a person would be hired as a disability adjudicator and find that the position was not a good fit, resulting in employee turnover. As Ms. Cole previously mentioned, a major cause of the problems the Bureau faced in hiring disability adjudicators was the nationwide hiring freeze imposed on the Bureau by the Social Security Administration (SSA). As time went on and attrition took adjudicators whose positions were not replaced because of the hiring freeze, the staff increasingly became smaller and smaller, while the number of cases went up. Ms. Cole remarked that the implications of the hiring freeze were longer periods before a case was placed in a disability adjudicator's workload, and rookie adjudicators often took longer than normal to work through those cases. The Bureau had been operating under those restraints for a number of years, and Ms. Cole concluded that it was not an optimum situation.

Regarding appeals, Ms. Cole added that many persons had probably seen commercials on television that claimed many SSI or SSDI claims had successful appeals. While that was true to an extent, the successful appeals were mostly due to an individual's medical condition worsening over time—particularly if they were applying for SSI or SSDI benefits. By the time the case was handled by the disability adjudicator and a decision was made, the claimant's medical condition had deteriorated since the initial determination was made. The appropriate action to take would then be to overturn the initial determination because the circumstances had changed for that person.

Chair Carlton thanked Ms. Cole and said Ms. Cole had answered one of the questions Chair Carlton had about the hiring freeze. In response to a question from Chair Carlton, Ms. Cole said there was no indication of when the hiring freeze would end, despite ongoing discussions regarding the matter. The SSA allowed a small amount of new hires from time to time, which Ms. Cole said was helpful and appreciated, but it never filled all of the vacancies in the Bureau.

In response to a question from Chair Carlton regarding wait-times in the adjudication process, Ms. Cole reported that it took an average of 120 to 125 days to process a case once the case was placed in an adjudicator's caseload. Chair Carlton asked whether there was a wait-time prior to the case being sent to an adjudicator, to which Ms. Cole replied that there was; Ms. Cole did not know the average wait-time for that period, but would provide the information later. Chair Carlton asserted that the wait-time before a case was sent to an adjudicator was an important component to include with other wait-times to evaluate the entire period.

Assemblyman Sprinkle asked how hiring two senior physicians would help improve the quality of adjudications or decrease processing times. Mr. Sprinkle said he was under the impression that it would be more appropriate to hire specialists to help with adjudications. Ms. Cole responded to Assemblyman Sprinkle, saying that there were points throughout the entire process in which a case could become backlogged. Many cases were mandated to have medical review, and despite the Bureau's physicians reviewing those cases in less time than the standard, it allowed cases to back up at that level as well. Ms. Cole assured Mr. Sprinkle the addition of two senior physicians would alleviate some of the bottleneck at that point. Mr. Sprinkle thanked Ms. Cole for her response.



Assemblyman Kirner asked whether it was because the SSA funded the positions that the vacancies could not be filled during the SSA's hiring freeze. Mr. Kirner also asked Ms. Cole whether the Bureau would be affected by the automatic across-the-board cuts known as sequestration, necessitated by the Budget Control Act of 2011. Ms. Cole reported that she believed all federal programs would be negatively affected by the sequestration. Mr. Kirner asked whether Ms. Cole knew what the effects would be, and Ms. Cole replied that she thought the Bureau would be negatively affected by about \$2 million.

Chair Carlton inquired as to whether there was a backlog of cases waiting for medical review by the Bureau's physicians. Ms. Cole stated that as of March 18, 2013, there were 627 cases awaiting medical review, which Ms. Cole conceded was a significant backlog.

Chair Carlton thanked Ms. Cole for her response. Hearing no response to her request for additional questions from members of the Subcommittees, Chair Carlton closed the hearing on budget account 3269 and opened the hearing on budget account 3265.

**HUMAN SERVICES**  
**EMPLOYMENT, TRAINING AND REHABILITATION**  
**VOCATIONAL REHABILITATION (101-3265)**  
**BUDGET PAGE DETR-23**

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), stated that the Bureau of Vocational Rehabilitation (BVR)—budget account (BA) 3265—provided services to individuals with a disability that presented a barrier to employment. All of the vocational rehabilitation (VR) services were tailored to the participant's interests, skills, abilities, needs, and informed choices. Ms. Cole explained that the VR program was funded with a combination of state match (21.3 percent) and federal funds (78.7 percent). The agency also administered and provided services under the supported employment grant program—which did not require a state match—and the annual federal in-service training grant that allowed statewide training for VR staff to increase skills, introduce new policies, procedures, and concepts, and update staff on new developments in the field. Ms. Cole noted that BVR employed 91 approved full-time equivalents (FTEs), of whom 34 were VR counselors.

Decision unit Enhancement (E) 226 continued the advertising and public relations campaign begun in the current biennium. The decision unit continued the campaign at a lower level of funding than the last biennium because of the agency's acquisition of the rights to the campaign's art, branding, and concepts. Ms. Cole presented an advertisement that was published in *Vegas Inc.*'s business weekly. The advertisement was an example of the advertising campaign, and Ms. Cole said the photograph was actually a still picture from a television advertisement. Other mediums used in the campaign were billboards and radio advertisements. Ms. Cole reported that the campaign had been successful and hoped to continue with that effort. The agency also maintained a contract with the Nevada Broadcasters Association for radio advertisements that provided information and contact information for VR services.

Ms. Cole said decision unit E-228 reimbursed VR counselors for certification examination costs, as Ms. Cole previously mentioned.

Ms. Cole stated that decision unit E-229 allowed for the relocation of administrative staff because of roof leaks encountered every winter.

Decision units E-510 through E-513 transferred the Office of Disability Employment Policy Chief position from Rehabilitation Administration (BA 3268) to Vocational Rehabilitation (BA 3265). As Ms. Cole explained earlier, this transfer was required because the benefits from the activities of that position benefited the VR program and did not benefit some programs that paid into the cost allocation for the expenses in BA 3268.

Decision units E-900 through E-905 consolidated BA 3265 with BA 3254, the Bureau of Services to the Blind and Visually Impaired (BSBVI). Ms. Cole stated that the Rehabilitation Act of 1973 as amended permitted state agencies to combine general vocational rehabilitation services with services to the blind and visually impaired. The Act also permitted separate agencies to be created and administered separately, which the Department determined only increased administrative costs. In a small program like Nevada's, it made sense to combine the budget accounts on the administrative level, but have the agencies continue to provide services separately.

Assemblyman Kirner asked whether the services provided by the two agencies would change in any way after combining them and whether the state would still be able to provide the same level of service, or better.

In response to the questions from Assemblyman Kirner, Ms. Cole stated that both the BSBVI and the Bureau of Vocational Rehabilitation were funded by a single Title I grant from the Rehabilitation Act of 1973. Ms. Cole explained that neither the Rehabilitation Act nor regulations prescribed how the funds must be allocated: it was up to each state to serve every client that came in.

The budget consolidation was only a bookkeeping and accounting change, said Ms. Cole. Nevada's VR program and the BSBVI had been a combined agency for many years. Vocational Rehabilitation had specialized staff that worked with persons who were blind or visually impaired, and Ms. Cole said that would not change.

Ms. Cole said that her prepared remarks had more information on this matter and asked whether she should continue reading before taking more questions. Chair Carlton said that there would be more discussion on that matter during the next budget account's hearing, and it would be more efficient to save pertinent questions for that time.

Ms. Cole asked Chair Carlton whether she should explain the philosophy behind the combining of the budget accounts or save it for the next budget account's testimony. Chair Carlton told Ms. Cole she could touch upon it at this time, but much more discussion would come later in the hearing.

The consolidation of the two budget accounts was a bookkeeping, accounting, and budgeting decision, Ms. Cole asserted, and had no effect on program delivery or program services. The consolidation did not signal a change in the Rehabilitation Division's philosophy, policy, or service availability for any group of individuals with disabilities in Nevada, including those who were blind or visually impaired. The Division would continue to recruit and hire staff that had specialized training and expertise in serving consumers who were blind or visually impaired or who had similar expertise with any other type of disability. The Division would continue to provide training to new staff members who needed training in serving consumers who were blind or visually impaired, as well as training that developed skills and techniques for serving consumers with other types of disabilities. Ms. Cole emphasized that the Division would continue to fund all appropriate goods and services specified in the individualized plan for employment developed and mutually agreed upon by the participant and his VR counselor. There would be no reduction in funds available to program participants who were blind or visually impaired or for any participants with other disabilities, and the Division would continue to report

program performance by differentiating employment-related outcomes for participants who were blind or visually impaired and participants with all other disabilities. Finally, the Department's Financial Management Unit would continue to use the general ledger and job number codes which tracked expenditures for clients with blindness or visual impairment as their primary disability and for clients with all other disabilities. The electronic case management system currently permitted—and would continue to permit—the Division to report data in ways that demonstrated the number of participants that identified with a particular disability, the types of services received, and the dollar amount spent on each service. Ms. Cole restated that the consolidation was meant to eliminate duplicative work in accounting for funds from the same source and efficiencies gained from the consolidation would save time and effort within the Rehabilitation Division, the Budget Division, and the Legislative Branch.

Chair Carlton restated the discussion on the consolidation would go into much more detail in the next budget account hearing in order to ensure transparency with the combination, which concerned the Subcommittees in a number of different budgets.

Chair Carlton asked Ms. Cole to briefly discuss the use of Business Enterprises of Nevada (BEN) program expenditures as the state match for the Section 110 of the Rehabilitation Act of 1973 grant in BA 3265. Chair Carlton's biggest concern was the possibility that the state could be leaving money on the table that could go to services for Nevadans.

Ms. Cole said that the Division was in fact leaving federal money on the table because there were not sufficient matching state funds for the grant. The Division's allocated Section 110 grant funds totaled about \$22 million per year in federal grant dollars, and with sequestration [the automatic across-the-board cuts necessitated by the Budget Control Act of 2011] that would be reduced by approximately \$1.5 million. However, the Division currently only provided a state match of around \$16 million, leaving a considerable amount of grant funds on the table.

Chair Carlton said to Ms. Cole that her understanding was that the 21.3 percent required state match for the Section 110 grant was "smooshy," to which Ms. Cole replied that it was actually not "smooshy" at all. The Division was required to put up 21.3 percent of the grant funds to receive the other 78.7 percent, with no exceptions.

Chair Carlton stated that once all the other programs were included in the budget account, the overall effect on the rehabilitation services and the other matches that were out there for state money would need to be analyzed. Ms. Cole revealed that the Division's fund maps focused on that task. There was one grant that required no state match, and some grants required a 10 percent match. Ms. Cole assured Chair Carlton that as long as those grants were segregated and the funds were calculated separately, there would not be much difficulty in accomplishing that task.

Chair Carlton asked whether the state was going to encounter problems in the future with the way state match was used to draw down federal grant dollars. Ms. Cole replied that there had been discussions on that matter. The Rehabilitation Services Administration (RSA) [within the Office of Special Education and Rehabilitative Services, U.S. Department of Education] had stated on at least one occasion that the RSA had concerns about the use of BEN program expenditures as a state match for the Section 110 grant because it was devoted to certain individuals at certain locations within a confined program—rather than for statewide vocational rehabilitation services—but Ms. Cole said the RSA had not yet indicated it would curtail Nevada's use of BEN program funds. Chair Carlton thanked Ms. Cole for providing that information.

Chair Carlton said she would like Ms. Cole to elaborate on the decision to include a reduction of case services expenditures by \$60,000 each year of the biennium to fund the VR media campaign; Chair Carlton was concerned about the use of funding for VR services that would instead be spent on the media campaign.

Ms. Cole considered the television, print, and radio advertising of the VR media campaign to be useful tools in promoting the services offered by the Bureau of Vocational Rehabilitation. There were still many persons who were unaware of the rehabilitation services available to them, said Ms. Cole. Ms. Cole said that there were also many employers who did not know the VR could help with accommodations for employees with disabilities, despite the best efforts of the Office of Disability Economic Policy (ODEP) Chief. While Ms. Cole said the campaign's success was purely anecdotal at this point, the Division received calls from time to time from persons interested in learning more about VR services; the Division was thrilled when the person said they had heard a radio advertisement or saw a billboard that prompted the inquiry.

Chair Carlton asked Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation, whether he wished to comment on the matter.

Mr. Woodbeck reported that the use of media was beginning to "build a bridge" between the Bureau of Vocational Rehabilitation and the business community. He had found that the business community was devoid of information regarding the resources available to employers in VR matters. One of the goals of vocational rehabilitation was to help the participant reach a certain level of self-sufficiency, of which employment was a necessary component. The investment of dollars in the media campaign was prudent, Mr. Woodbeck believed, and helped reach the client service goals set for VR participants. The media campaign was kick-started several months ago and was now entering into what Mr. Woodbeck called "maintenance mode." During this period, the cost of statewide media coverage would be reduced through Mr. Woodbeck's negotiations with the Nevada Broadcasters Association. Chair Carlton thanked Mr. Woodbeck for his comments.

Assemblywoman Kirkpatrick indicated that it was important to her that there were similar media efforts for all types of individuals and not only for the disadvantaged and disabled populations, but for everyone else, as well.

In response to Assemblywoman Kirkpatrick's concerns, Mr. Woodbeck said that while this particular media campaign would seem to be out of balance with media campaigns for other VR populations, that was because the efforts were out of balance in the first place. Mr. Woodbeck promised Mrs. Kirkpatrick that the Department would continue to advertise regarding other populations that it would be serving and to strengthen the connection to the business community. The Department was in the process of putting together a media plan that would bring all of the promotional materials more in line and create a commonality across all of the materials for the entire population of individuals in need of employment.

Assemblywoman Kirkpatrick thanked Mr. Woodbeck and said she appreciated his hard work but was concerned about the possibility of an agency creating competition against itself.

Regarding the VR media campaign, Assemblyman Sprinkle asked whether the Division had any quantifiable data to show whether the Division was meeting any goals and/or standards that might have been set when the media campaign began. He suggested that Ms. Cole use such information to portray the

campaign's effectiveness to the Subcommittees, if possible, and mention any plans for the future collection of such data.

Ms. Cole told Assemblyman Sprinkle the only quantifiable data collected were "hits" on the agency's website (the number of times the website was accessed). Ms. Cole noted that it was difficult to know how many VR participants found out about the services only after coming across a radio or print advertisement, unless the person offered that information in conversation.

Assemblyman Sprinkle told Ms. Cole the lack of quantifiable data for the success of the media campaign concerned him. When the Subcommittees were faced with deciding the amount of money to be used for the media campaign and the amount that would be reallocated from direct services for that purpose, Assemblyman Sprinkle said it was a lot easier to approve funds for a function for which the Legislature was able to measure success. He was not satisfied with the assurance that the media campaign was working without any real supporting evidence to back up that claim.

Mr. Woodbeck responded to the concerns raised by Assemblyman Sprinkle by mentioning that a website address was set up specifically for this particular media campaign: <http://www.WillingAndAbleToWork.com>. The only reason someone would visit that website was if he were a businessperson looking for employees or a person with disabilities looking for employment, said Mr. Woodbeck. Therefore, the Division was monitoring the hits on that website and using that data as a measure of the campaign's success. The Division would begin to measure success in other ways in the near future, such as the number of employers added to the network and the number of employees the employer hired through the network, but at this point in time, the Division was only beginning with those efforts.

Assemblyman Sprinkle thanked Mr. Woodbeck for that information and said it helped to ease some of his concerns.

To end the discussion on the media campaign, Chair Carlton concluded that the Subcommittees were having difficulty distinguishing the marketing campaign expenditures from the operating expenditures and asked the Division to work with Fiscal staff to clarify that distinction and then share that information with the Subcommittees. Chair Carlton acknowledged the difficulty in advertising services using funding for client services to do so. Chair Carlton said the

Division must be prepared to have enough funding to offer the services that were advertised in the media campaign.

Ms. Cole assured Chair Carlton she would be glad to continue to work on that matter with Fiscal staff. Chair Carlton thanked Ms. Cole, saying she would appreciate it.

Chair Carlton asked Ms. Cole whether she would like to say that BA 3265 would be affected in a similar way as the previously heard budget accounts by the automatic across-the-board budget cuts known as sequestration, necessitated by the Budget Control Act of 2011. Ms. Cole answered that she did.

Hearing no response to her request for additional questions on BA 3265, Chair Carlton told Ms. Cole that after her testimony was finished for the upcoming budget account and members of the Subcommittees asked any questions they may have, she would open the hearing to public comment. Chair Carlton closed the hearing on BA 3265 and opened the hearing on BA 3254.

**HUMAN SERVICES  
EMPLOYMENT, TRAINING AND REHABILITATION  
SERVICES TO THE BLIND & VISUALLY IMPAIRED (101-3254)  
BUDGET PAGE DETR-35**

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), said that she would like to clarify the differences between program services and bookkeeping and accounting services. Nevada's vocational rehabilitation (VR) program had been a combined agency for many years, Ms. Cole stated; there was not a separate agency only for blind and visually impaired individuals. The VR program employed staff with expertise in dealing with and assisting persons who were blind or visually impaired, and there was no intention of changing that. The intention in combining budget accounts (BAs) 3265 and 3254 was to streamline the bookkeeping, accounting, and budgeting functions of the VR program. The program was currently structured so that the Rehabilitation Division of the Department received grant funding that went towards services for all clients who qualified for services under the VR program.



Currently, there was a "20/80" split for all VR revenues and expenses: 20 percent of all funds were deposited into BA 3254 for use by the Bureau of Services to the Blind and Visually Impaired (BSBVI), and 80 percent was deposited into BA 3265 for general VR services provided by the Bureau of Vocational Rehabilitation (BVR). All VR expenses—including utilities, operating costs, cost allocation, and travel costs—had 20 percent of costs paid out of BA 3254 and 80 percent of costs paid out of BA 3265. Each BA had to be reconciled, balanced, and reported separately. Ms. Cole noted that each invoice that the Division received for a utility bill, for example, had to be double-coded.

In dealing with contracts for client services, the authority in that contract was also divided according to the 20/80 split. Ms. Cole said that, for example, should a group of clients in one BA require the services from that contract in excess of the 20/80 split, the Division would need to write and submit two work programs, which would have to be reviewed and approved by the Budget Division. If the work programs were substantial in size, the programs would need to be presented before the Interim Finance Committee (IFC) and reviewed and approved by Legislative Counsel Bureau (LCB) staff before that expenditure could be made. Ms. Cole declared that this process resulted in poor client service. Maintaining a single budget account that managed the grant would allow the Division to make client service determinations much more quickly than it currently could.

Ms. Cole opined that when the Division budgeted for upcoming years, two separate budgets needed to be drafted and reviewed by the Budget Division under the current structure. In conclusion, Ms. Cole said that by combining only the budget accounts, the Division was changing nothing regarding service delivery.

Chair Carlton said her major concern was losing the transparency that existed with the 20/80 split. The transparency existed because of the way the Division conducted its billing. Chair Carlton understood that the Division was doing what Ms. Cole saw as a little extra work because of the 20/80 split, but there were times when the expenditures within the 20 percent did not overlap with the expenditures in the 80 percent. Chair Carlton asked whether the 20/80 split would continue to exist within the proposed single budget account, and if not, how the Division would account for it.

Ms. Cole responded to Chair Carlton by stating that the only proposed change was to the overall budget account; the accounting procedures within that

"umbrella" budget account were not going to change. The general ledgers and job function codes did not change and were differentiated with different codes for services for the blind and general VR services. Ms. Cole reported that the Division had historically made the differentiation between persons who were blind or visually impaired and everybody else, and that would not change. The Division would continue to provide performance indicator information for the number of clients served, the number of successful employment placements made for persons who were blind or visually impaired, the average wage of clients who received successful employment placements, and more.

Chair Carlton remarked that Ms. Cole must understand the concern that persons would have that the Division would not be able to track the services provided and how those services were provided, when there was not a separate budget account for those services. Chair Carlton commented that she was not sure what efficiencies would be created regarding billing practices through this combination. She also wanted to ensure that the changes to the use of the federal grant awarded for VR services [the Section 110 of the Rehabilitation Act of 1973 grant] was not going to raise the possibility of audits, questions, or concerns from the federal government on the Division's accounting practices. Chair Carlton wondered whether other states were doing this and whether it was acceptable to the federal government.

Speaking to Chair Carlton's first question, Ms. Cole said she wanted to be very clear in stating that the authorizing legislation for the public VR program was the Rehabilitation Act of 1973, as amended. The Act gave states the option of administering a combined agency that provided services to both blind and visually impaired individuals and general VR clients. Alternatively, a state was permitted to establish separate agencies with separate administrative structures and separate councils for those who were blind or visually impaired and for all others requiring general VR services. Ms. Cole testified that Nevada chose to establish a combined agency many years ago and was recognized by the Rehabilitative Services Administration (RSA) as a combined agency to this day. The RSA had monitored the Division on several occasions, and Ms. Cole said that there was never a problem with Nevada's combined agency.

Ms. Cole explained that other states with combined agencies used a single budget account for services to the blind and visually impaired and services for the general VR population. As was done in Nevada, other states with combined agencies often used separate general ledgers and separate job numbers to differentiate the expenditures that went to different types of VR clients.

Mark Costa, Administrative Services Officer 4, Department of Employment, Training and Rehabilitation (DETR), joined Ms. Cole to help address some of the Subcommittees' concerns. Mr. Costa declared the 20/80 split of the Section 110 grant funds between services to the blind and visually impaired and general VR was arbitrary and inaccurate. The method developed over a period of time and did not reflect reality, Mr. Costa asserted. Instead of using that method, the Division would like to track expenditures, services, and products provided to blind and visually impaired clients separately through the state's accounting processes.

Mr. Costa also wished to discuss the concerns about the effect such changes would have on the federal Section 110 grant. The Division's reporting to the federal government regarding the grant did not currently detail the services or expenditures for blind and visually impaired clients and those for all other clients. Therefore, Mr. Costa did not anticipate any problems from the federal government concerning the combination of the two budget accounts. The advantage of combining the budget accounts was so that the Section 110 grant funds would be in one budget account and could be allocated as needed for additional services or products provided to blind and visually impaired clients without having the time lag of going through a work program. If there was a need to allocate an expenditure that was more than 20 percent to the blind and visually impaired client population, the Division would be able to do that—and vice versa.

Chair Carlton was concerned with several statements Mr. Costa made about the arbitrary nature of the 20/80 split. Many individuals who received services from the Bureau of Services to the Blind and Visually Impaired (BSBVI) were afraid that the 20 percent would not continue to be allocated to the blind and visually impaired population. The allocation issues were of greater concern to Chair Carlton than the tracking issues.

Chair Carlton was also concerned about Mr. Costa's comments regarding work programs. Chair Carlton felt that work programs were the transparent part of the state's budgeting process and allowed legislators and citizens to know how state funds were being spent and how state funds were being leveraged to bring in more money. There were instances when the Division was not required to report to the IFC because the amount of money involved in the request was not substantial. Once that amount hit a certain level, said Chair Carlton, the IFC should be involved in the discussion to ensure that the concerns of the Legislature were represented. Chair Carlton acknowledged the desire for

efficiency, but said there was a fine balance between transparency and efficiency.

Assemblyman Sprinkle said he did not understand how combining the two budget accounts would make it easier for the Division to track the individual services, funds, and associated costs. Assemblyman Sprinkle said that the Division's current accounting processes seemed to be far better at tracking exactly where the funds went and what goal the funds tried to reach, especially with the priorities and performance based budget (PPBB) process. Secondly, Assemblyman Sprinkle wanted to echo the concerns voiced by Chair Carlton on Mr. Costa's comments regarding work programs. Assemblyman Sprinkle believed work programs were important, and their removal would "muddy the waters" of transparency.

In response to the concerns raised by Chair Carlton and Assemblyman Sprinkle, Mr. Costa said the Division was not objecting to doing work programs. When the Division wanted to move funds between budget accounts, there was a lag period of time before a work program was heard. The purpose was not to get out of work programs and hide transparency, but to establish a mechanism that was more flexible and that had been approved by the Legislature.

Chair Carlton asked Assemblyman Sprinkle whether he would like Mr. Costa to elaborate on anything, to which Assemblyman Sprinkle replied that he was satisfied for the time being.

Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation (DETR), wished to provide a point of clarification. If the Division separated the budget accounts and allocated the grant funds by separating them according to the 20/80 split, and not all of the available matching funds in that 20 percent account were used, money would be left on the table. By combining the budget accounts, the Division was actually using the account for the overall population available under the Section 110 grant. Consequently, the possibility of leaving money on the table would be eliminated, Mr. Woodbeck stated.

Regarding work programs and transparency, Mr. Woodbeck said the Division could respond to the Subcommittees' concerns by providing ongoing monitoring and reports to the Subcommittees with information regarding the clients served in the various populations under the Section 110 grant.

Chair Carlton thanked Mr. Woodbeck for his suggestion. Monitoring was always good, Chair Carlton agreed, but the second part of the work program process was for the Interim Finance Committee (IFC) to say "yes" or "no" to an agency's request. Under Mr. Woodbeck's suggestion, that particular provision would be eliminated. Chair Carlton remarked that matters pertaining to work programs would be left open for future discussion.

Hearing no response to her request for additional questions from members of the Subcommittees on budget account (BA) 3254, Chair Carlton called for public testimony. Chair Carlton requested that Rick Kuhlmeier speak first, informing the Subcommittees that he visited with her the day prior and had a statement to make. Mr. Kuhlmeier was going to detail some of the history of the efforts to combine BA 3254 with BA 3265 for the Subcommittees, particularly the new members of the Subcommittees. Chair Carlton said Mr. Kuhlmeier's presentation was a little longer than usual for public comment, but Chair Carlton permitted him to present it to the Subcommittees. Chair Carlton stated there were a number of persons signed in from Las Vegas and in Carson City to speak during public testimony, and Chair Carlton requested for those whose points had already been made to keep their comments brief and allow time for others to speak. Chair Carlton reminded the audience that this was not the final time the Subcommittees would discuss this matter.

Rick Kuhlmeier, Coalition of Nevada Blind and Deaf, read a prepared statement into the record as [Exhibit C](#), citing his opposition to the merging of the budget accounts. Mr. Kuhlmeier requested that final action on BA 3254 be delayed until Senate Bill 349 was considered. He thanked the Subcommittees for allowing him to speak on the matter.

Chair Carlton thanked Mr. Kuhlmeier and assured him there would not be any final decisions made on BA 3254 until after the policy bill was heard and the work sessions and budget closings took place.

Chair Carlton called for public comment in Las Vegas.

Kawana Pohe, Nevada Committee of Blind Vendors, informed the Subcommittees that he was in agreement with the remarks made by Mr. Kuhlmeier.

Chair Carlton thanked Mr. Pohe for his testimony. Chair Carlton made a second call for public testimony in Carson City.

Kenneth Taycher, private citizen, introduced himself to the Subcommittees and thanked them for allowing him the opportunity to speak. Mr. Taycher indicated he was a proud individual with a visual impairment and had been receiving services from the Bureau of Vocational Rehabilitation for over 29 years, and that the Bureau had helped pay for his college education.

Mr. Taycher informed the Subcommittees that he was the president of a local chapter of the advocacy group People First of Nevada. Mr. Taycher wanted to ensure that no services would be lost with the proposed combination of the two budget accounts. Mr. Taycher had strong reservations about the combination because he knew the struggles of being a VR client in Nevada. He felt there was a need to focus on hiring VR counselors who were attentive and willing to work with VR clients.

Mr. Taycher noted that while he was often "bounced around" between VR counselors, not all of his experiences with the Bureau were negative. He would not have been able to attend college to obtain his business degree without assistance from the Bureau. Mr. Taycher predicted that with the combination of the budget accounts, clients would struggle more, and there would be more persons out of work. Mr. Taycher thanked Chair Carlton again for the opportunity to speak.

Chair Carlton thanked Mr. Taycher for sharing his testimony with the Subcommittees.

Deidre Hammon, private citizen, said that she worked for the Center for Self-Determination and the Children's Advocacy Project in Reno. Ms. Hammon was concerned about the effect that the consolidation of BA 3265 and BA 3254 would have on services to persons who were blind or visually disabled in the State of Nevada.

Ms. Hammon told the Subcommittees about a friend of hers who received services from the Bureau of Services to the Blind and Visually Impaired (BSBVI). Her friend went to the Bureau for assistance with enrolling in college and receiving the assisted technology that she had received in high school. The woman was not pleased with the quality of service she received from the VR counselor assigned to her in Reno, who was a retired person that the

Rehabilitation Division allegedly brought back to "fill in a hole." After receiving unsatisfactory service from the Bureau and her VR counselor, Ms. Hammon's friend left Reno and moved to Las Vegas in hopes that she would find better VR services. In Las Vegas, the woman experienced difficulties receiving textbooks for her class and eventually moved back to Reno.

Ms. Hammon told the Subcommittees that her friend now worked as an office manager at the Center for Self-Determination, but that the woman still wanted to attend college. Ms. Hammon claimed the Rehabilitation Division did not have qualified staff and was worried that the quality of staff would not increase after the budget account consolidation.

In response to a question from Chair Carlton, Ms. Hammon said her friend's situation took place over a two-year period of time in 2010 and 2011. Chair Carlton thanked Ms. Hammon for her testimony.

Jack Mayes, Executive Director, Nevada Disability Advocacy and Law Center (NDALC), introduced himself to the Subcommittees. Mr. Mayes stated that NDALC became the client assistance program for the State of Nevada last November. The client assistance program was tasked with advocating for clients or individuals seeking services with the VR program, and Mr. Mayes encouraged anyone having trouble with the Bureau of Vocational Rehabilitation or the Bureau of Services to the Blind and Visually Impaired to contact NDALC for assistance.

Mr. Mayes stated that he was also concerned about how the VR budget was recommended to be level-funded, but the jobs and day-training program had been recommended to be increased by approximately 500 slots. Some of those slots, said Mr. Mayes, actually paid for segregated, isolated employment programs. Mr. Mayes asked the Subcommittees to consider that matter when the budgets were reviewed, for that could be a possible violation of the Olmstead decision relating to the Americans with Disabilities Act (ADA). Mr. Mayes thanked the Subcommittees.

Chair Carlton thanked Mr. Mayes and said she appreciated him calling the attention of the Subcommittees to those matters.

Brian M. Patchett, President/CEO, Easter Seals Nevada, introduced himself to the Subcommittees and stated that he was representing the

Nevada Commission on Services for Persons with Disabilities, in addition to Easter Seals Nevada.

Mr. Patchett stated that he had been visually impaired since the age of seven and went through undergraduate and graduate school, paid for by vocational rehabilitation programs. He explained that New York (where he attended graduate school) had a separate entity for the blind or visually disabled, and that led to him receiving far better VR services in New York than he received in Nevada.

Mr. Patchett was also concerned that Nevada was not drawing down all of the federal dollars that it could, that there were far too few VR counselors, and that VR counselors were underpaid.

Mr. Patchett stated that the Commission on Services for Persons with Disabilities had spoken with Ms. Cole, and the Commission's main concern was the guarantee that individuals with visual disabilities would receive adequate services. Mr. Patchett said that the Commission wished to ensure that guarantee was clearly displayed. Mr. Patchett thanked the Subcommittees for allowing his public testimony.

Chair Carlton thanked Mr. Patchett for his testimony.

A letter written by Mr. Patchett to Chair Carlton was added to the record as [Exhibit D](#) following this meeting.

Ed Guthrie, Executive Director, Opportunity Village, stated that he was in agreement with the public testimony presented by Mr. Patchett and Mr. Mayes. He also suggested the state look into other resources to provide the state match for the federal Section 110 grant.

Chair Carlton thanked Mr. Guthrie and welcomed the next person to give public testimony.

Judy Kerr, employment consultant, Supported Employment Program, High Sierra Industries-Washoe Ability Resource Center (HSI-WARC), said that the HSI-WARC had been working with the Bureau of Vocational Rehabilitation and the Sierra Regional Center for over five years. Ms. Kerr said that while she had seen some growth in efforts to help the disabled acquire employment, she saw a problem in the performance-based payment structure. According to Ms. Kerr,



a job developer would not be paid until he helped someone successfully obtain employment; often it took 6 to 12 months for that to happen in the general VR population, and even longer in the disabled population. Ms. Kerr explained that the payment structure led to an insufficient number of job developers. She stated that the HSI-WARC was working on different programs to try to fund job development, including a program called "Pathways to Work" that was operated in conjunction with the Sierra Regional Center. Ms. Kerr urged the Subcommittees to look at the funding structure and try to build in more funding for job development. She thanked the Subcommittees.

Chair Carlton thanked Ms. Kerr and welcomed the next public testifier.

Travis Mills, private citizen, stated that he felt the State of Nevada needed more services for blind and visually impaired individuals in Nevada. Chair Carlton thanked Mr. Mills for his comments.

Chair Carlton closed the public testimony for budget account (BA) 3254. Chair Carlton reiterated that there would be much more discussion on this budget account and its proposed consolidation with BA 3265. The Subcommittees would be working with all of the interested parties on this matter, said Chair Carlton.

Before moving on to the next budget account, Ms. Cole said that it was very concerning to her to hear the stories that were mentioned during public testimony. She invited anyone that had concerns to contact her directly to help resolve some of those issues.

Chair Carlton thanked Ms. Cole and asked her to proceed with the presentation on BA 3253.

**HUMAN SERVICES**  
**EMPLOYMENT, TRAINING AND REHABILITATION**  
**BLIND BUSINESS ENTERPRISE PROGRAM (101-3253)**  
**BUDGET PAGE DETR-43**

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), explained that the Blind Business Enterprise Program budget account (BA) 3253 did not receive state or federal funds. The Business Enterprises of Nevada (BEN) program was self-supporting; the blind or visually impaired operators paid a portion of

monthly net proceeds into the budget account. The proceeds funded the salaries and operating costs of the BEN program; provided for the expansion, repair, and maintenance of existing facilities; and provided for the expansion of the BEN program with new sites and facilities.

Decision unit Enhancement (E) 225 requested authority to develop and open new program sites during the 2013-2015 biennium. Ms. Cole stated that because of the lingering effects of the economic downturn, none of the proposed BEN sites—snack counters at the Nevada State Museum at the Springs Preserve in Las Vegas, the Clark County Wetlands Park, and an equestrian center in Las Vegas; and a convenience store at the Clark County Shooting Complex—would actually materialize into BEN sites. However, staff was continuing to search for other suitable BEN sites. Ms. Cole reported that the Division was in communication and negotiation with the Department of Transportation (NDOT), and if the proposed NDOT building was approved, the Division would probably have a BEN site located at that facility.

Ms. Cole explained that the BEN program had historically used the authority in this general ledger to meet emergencies, such as the instance last July when two of the four air-conditioning units failed at the Hoover Dam BEN site. In that situation, the program was able to immediately authorize the replacement of those air-conditioning units so that the business was only minimally affected. Ms. Cole asserted that the BEN program reported all activity of this nature to the Legislature in its twice-yearly status reports of site expansions.

Decision unit E-226 requested authority to maintain, improve, and expand existing BEN sites as necessary during the 2013-2015 biennium. An example of a BEN site expansion was the BEN site at the Department of Motor Vehicles (DMV) office in Reno. At that location, the BEN program had provided beverages and prepackaged snacks from a room of vending machines for years. At the DMV's request, the BEN program recently installed a coffee bar that offered coffee, fresh-made sandwiches, salads, baked goods, and snacks. As noted in the discussion of decision unit E-225, Ms. Cole said that the funds not used in the budget year for new sites could be used to meet emergent needs quickly and effectively so that customer services were not needlessly interrupted.

Decision unit E-227 requested authority to fund in-state travel and training costs for BEN operators, trainees, applicants, and staff. Ms. Cole noted that travel costs included periodic site visits by business enterprise officers to monitor and

inspect program sites and activities, to verify inventory, and to respond to operator requests for technical assistance.

Chair Carlton told Ms. Cole that the Subcommittees had no concerns about decision units E-227, E-229, E-710, E-805, and E-800/Maintenance (M) 800. In the interest of time, Chair Carlton stated that Ms. Cole did not need to discuss those decision units.

In response to a question from Senator Smith, Ms. Cole explained that the reason there were no proposed BEN sites in northern Nevada was that there were fewer and smaller government offices in the area. Northern Nevada had a number of existing BEN sites, however, said Ms. Cole.

Senator Smith asked Ms. Cole what the Rehabilitation Division's plan was for the BEN sites that were not going to materialize. She wondered whether the Division would reduce the amount of funds allocated for that item or look for other potential sites. Ms. Cole answered Senator Smith by stating that the Division was looking for other potential sites, and because the budget account did not receive any General Fund or federal dollars, it was convenient to have access and authority to spend its funds when opportunities arose.

Senator Smith asked why the BEN program chose not to respond to the second request for proposal (RFP) issued by the Springs Preserve. In response, Ms. Cole explained that the concept for the Springs Preserve had changed over time. Initially, the facility was envisioned as a fine dining restaurant and a casual dining or snack bar facility. The BEN program had been in negotiations with the Las Vegas Valley Water District to operate the food service at the Springs Preserve, but those negotiations did not turn out well, said Ms. Cole, and the Springs Preserve opted to enter into a contract with a private vendor—Wolfgang Puck. Ms. Cole reported that the Springs Preserve put in a restaurant for Wolfgang Puck that did not materialize as envisioned. At that point, the BEN operators looked at the potential at that site and were less enthusiastic about it. Now, the casual dining facility at the Springs Preserve was run by the Culinary Academy of Las Vegas, and the Preserve made the decision to not put in a snack bar.

In response to a question from Senator Smith, Ms. Cole stated that all of the program's approved projects were on an indefinite hold or discontinued, with the exception of vending machines.

Senator Smith questioned whether the Division had filed a complaint with the U.S. Department of Veterans Affairs (VA) over its rejection of a BEN vendor to operate vending machines in the VA center in Las Vegas, in favor of a private business. Ms. Cole replied that the Division had not filed a complaint. Senator Smith asked why the Division had not filed a complaint, to which Ms. Cole replied that the matter was still under review. Senator Smith asked that the Subcommittees remain updated on that matter.

Senator Smith requested that Ms. Cole continue working with Fiscal staff on decision unit E-225, stating that the Subcommittees would need to know whether the amount of the decision unit needed to be reduced or eliminated before closing budgets. Ms. Cole stated that she would be happy to work with Fiscal staff on that matter.

In response to a question from Assemblywoman Kirkpatrick, Ms. Cole explained that the BEN program had a priority of right in public buildings to operate food service and vending operations. The Nevada Committee of Blind Vendors reviewed opportunities and determined whether there was potential to create a viable site for a vendor who was blind or visually impaired. The vendors in the BEN program were self-employed entrepreneurs, Ms. Cole noted, and made their own business decisions. Some vendors decided to contract with a company or an individual to provide some or all of the services at a particular site. Ms. Cole explained that this particularly happened with vending machines because the BEN program did not buy or service vending machines. The blind vendor and the vending company usually worked out a financial arrangement, and the gross proceeds were then subject to the "set-aside" for the operation of the program. The set-aside was based on a sliding scale that increased with the amount of money the blind vendor made and was paid into the enterprise account on a monthly basis to fund the program.

Assemblywoman Kirkpatrick told Ms. Cole that she felt as though some of the programs were being subsidized with enhancements, and that if the blind vendors were subcontracting to other entities, those entities should pay for some of the site's maintenance. Assemblywoman Kirkpatrick stated that she wanted to better understand how the program operated. Ms. Cole responded to the concerns raised by Assemblywoman Kirkpatrick by stating that the Nevada Committee of Blind Vendors had retained a consultant to assist with strategic planning and a needs assessment. Ms. Cole said she would be happy to provide more information to the Subcommittees at a later date.

Assemblyman Sprinkle asked Ms. Cole whether the BEN program had a policy for repairing equipment items before requesting them to be replaced. He also asked whether any of the equipment items proposed to be replaced in decision unit E-226 were associated with any BEN projects that were no longer viable or feasible.

Ms. Cole replied to Assemblyman Sprinkle's questions by stating that pieces of equipment were repaired when it was economically sensible. On some smaller pieces of equipment, the cost of repairs or availability of parts might preclude that from happening. Ms. Cole said that pieces of larger equipment, such as commercial ranges, commercial ovens, commercial refrigerators, and reach-in coolers were repaired. Ms. Cole reported that the equipment associated with projects that were not going to materialize was not going to be purchased.

Chair Carlton requested that Ms. Cole reevaluate the list of equipment to be purchased or replaced for the BEN program and provide an updated list to the Subcommittees. Chair Carlton expressed concern about the cost of some of the items on the equipment list.

Assemblyman Hambrick said he thought the state could benefit from leasing advertisement space on the equipment used at BEN sites. Chair Carlton recommended that Ms. Cole work with Fiscal staff on that possibility.

Hearing no response to her request for additional questions from members of the Subcommittees, Chair Carlton closed the hearing on budget account (BA) 3253. Chair Carlton announced that BA 4770, Employment Security and BA 4771, Employment Security-Special Fund would be rescheduled and heard at another time. Chair Carlton opened the hearing on BA 3258.

**HUMAN SERVICES**  
**EMPLOYMENT, TRAINING AND REHABILITATION**  
**CLIENT ASSISTANCE PROGRAM (101-3258)**  
**BUDGET PAGE DETR-51**

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), explained that the client assistance program (CAP) was mandated by the Rehabilitation Act of 1973, as amended, as a condition of receiving vocational rehabilitation (VR) and independent-living funds. The program was designed by statutory mandate to operate independently and autonomously to help resolve misunderstandings,

questions, and conflicts that occurred between program participants and program staff. Ms. Cole reported that the federal government provided an annual grant of about \$124,000 to fund the CAP.

Last year, the Governor transferred the responsibilities of the program to the Nevada Disability Advocacy and Law Center (NDALC). According to Ms. Cole, this was done because the Governor believed that program staff—as part of the VR agency—could not operate independently and autonomously in carrying out the program's responsibilities. Ms. Cole explained that the program director reported directly to the Administrator of the Rehabilitation Division, and the program's budget was drafted and approved by the Administrator. The second reason the Governor chose to redesignate the program was that the \$124,000 annual grant did not cover the personnel costs of the two full-time equivalent (FTE) positions that were assigned to that program.

In consultation with the federal oversight agency (the Rehabilitation Services Administration [RSA]) about the situation, the RSA alerted Ms. Cole and her staff that amendments to the Rehabilitation Act allowed a state to redesignate its client assistance program so that it was not affiliated with the service provision for either independent living or vocational rehabilitation.

In mid-2012, the Governor agreed to the Division's request to redesignate Nevada's client assistance program and directed the Division to conduct a public competitive process to choose the entity to serve as Nevada's client assistance program; the Division received two responses to that request. Ms. Cole stated that after both proposals were reviewed by an independent and objective evaluation committee, the NDALC was selected to serve as Nevada's client assistance program. A public hearing was held, public comment was solicited, and that information was turned over to the Office of the Governor. On October 8, 2012, the Office of the Governor decided to redesignate Nevada's client assistance program to the NDALC, and the change took effect on November 9, 2012.

Chair Carlton mentioned that of the two FTE positions that were eliminated, one employee opted for a buyout and the other was placed on the state's layoff list. Chair Carlton noted that she had questions about why the program was redesignated, chiefly whether there were complaints or whether an issue of independence or objectivity was brought forward to inspire the change.

In response to Chair Carlton, Ms. Cole stated that there were no particular issues or complaints that prompted the redesignation. The Division was concerned with the program being located in Las Vegas and primarily focused on the southern Nevada population; rural clients and those in northern Nevada did not have ready access to the client assistance program. There was an "800 number" that citizens could call for assistance, but Ms. Cole said that was not the same as having a human being for the client to sit down with and talk to about his problem.

The cost of the program was another factor in the decision to redesignate the program, Ms. Cole divulged. The number of complaints and problems that were resolved was very small in the course of the year, and there was not enough work for two FTE positions. When the Division issued the request for interest, the NDALC was able to demonstrate that it currently had offices with mediation staff, in-house legal staff, and investigators in Elko, Reno, and Las Vegas. Ms. Cole thought that independent living and VR clients would benefit from those kinds of resources and expertise.

In response to a question from Chair Carlton, Ms. Cole stated that all of the funding for the client assistance program came from federal dollars, and the grant did not require a nonfederal match.

Chair Carlton asked whether there would be a budget amendment coming forward to address the Governor's recommendation to eliminate BA 3258. Because the account had a negative cash flow, Chair Carlton said it was important to shut it down if it was not going to be used. Ms. Cole assured Chair Carlton the Division would work with the Budget Division on that matter.

Hearing no response to her request for additional questions from members of the Subcommittees, Chair Carlton closed the hearing on BA 3258 and opened the hearing on BA 3272.

**HUMAN SERVICES**  
**EMPLOYMENT, TRAINING AND REHABILITATION**  
**ADMINISTRATION (101-3272)**  
**BUDGET PAGE DETR-92**

Dennis Perea, Deputy Director, Department of Employment, Training and Rehabilitation (DETR), introduced himself to the Subcommittees. Mr. Perea indicated that budget account (BA) 3272, Administration, was comprised of

three sections. The financial management section was responsible for the Department's budgets, accounting, procurement, and grants management, explained Mr. Perea, and was comprised of 31.5 full-time equivalents (FTEs). The human resources section handled all of the agency's training, recruiting, and payroll operations, in addition to the Department's equal employment program, and was comprised of 11 FTEs. Mr. Perea stated that the general administration section was comprised of internal audits, public information, and operations management, in addition to the overall leadership and direction of the agency. The general administration section was comprised of 17 FTEs.

Mr. Perea stated that the Department wished to move the Workforce Solutions Unit (WSU) from the budget account for the Employment Security Division to BA 3272. The WSU provided administrative support for the nine sector councils established by the Governor's Workforce Investment Board and was consistent with the state's economic development plan. Mr. Perea said the Department believed the sector councils could provide vital information for the Bureau of Vocational Rehabilitation's (BVR) employment strategies. There was a position in the WSU that would be able to assist the entire Department in looking for grants and helping to submit grants. Mr. Perea noted that this position could be very beneficial for the BVR and potentially the Nevada Equal Rights Commission (NERC).

Chair Carlton said that she wanted to understand the efficiencies the Department expected to gain through the transfer of the WSU. While Chair Carlton understood the mission of the Office of Economic Development, Office of the Governor (GOED), she said that she viewed the WSU and the sector councils in a different way than Mr. Perea had described.

Mr. Perea replied to Chair Carlton that the Department's objective was to create a Departmentwide focus on employment strategies. After the transfer, the grants position would be able to help work on grants on behalf of the BVR and allocate time to the appropriate resources.

Chair Carlton asked whether there were any particular projects or initiatives the WSU would collaborate on with the sector councils and GOED.

Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation (DETR), responded to Chair Carlton's question by providing an explanation of the industry sector councils. Mr. Woodbeck said that each industry sector council had an industry specialist from the GOED as a member,



as well as representatives from higher education. The purpose of the industry specialist on the sector council was to help with coordination regarding any industry intelligence the Department received from the business sector or the industry representatives on that council. The hope was that the intelligence would lead to training opportunities for citizens in that particular industry sector, stated Mr. Woodbeck. The industry sector council formation was within the purview of the administration of DETR. The WSU was tasked with supporting the industry sector councils, and the Department wished to include them as part of the administration.

Chair Carlton inquired as to whether the supervision of the WSU would change. Mr. Woodbeck replied that the Director and Deputy Director of the Department would oversee the direction of the WSU.

Chair Carlton asked whether the Employment Security Division (ESD) programs specialist would still be needed, to which Mr. Perea responded that it would still be needed.

Chair Carlton asked Mr. Woodbeck to share with the Subcommittees some of the outcomes that had been achieved by WSU.

Mr. Woodbeck stated that the healthcare sector council had been around longer than the other councils had, and the Department was beginning to see results with health information technology initiatives that the Department was beginning to formulate and fund. Mr. Woodbeck said the Department was looking for other training pilot programs that it could initiate through that particular sector council as well. The WSU industry specialist for that sector council helped keep Mr. Woodbeck and his colleagues abreast of those developments.

Chair Carlton asked whether the WSU would be cost-allocated out across the different divisions within the Department. Mark Costa, Administrative Services Officer 4, DETR, replied that it would be cost-allocated once it was transferred to BA 3272.

Chair Carlton questioned whether there would be an evaluation process to ensure the cost allocation went to units that benefited from the WSU.

In response to the question from Chair Carlton, Mr. Costa said there was now an annual requirement to update the Department's cost-allocation plan, and the WSU-related portion was part of the plan.

Hearing no response to her request for additional questions from members of the Subcommittees, Chair Carlton closed the hearing on BA 3272 and opened the hearing on BA 3274.

**HUMAN SERVICES  
EMPLOYMENT, TRAINING AND REHABILITATION  
INFORMATION DEVELOPMENT AND PROCESSING (101-3274)  
BUDGET PAGE DETR-98**

Dave Haws, Administrator, Information Development and Processing Division, Department of Employment, Training and Rehabilitation (DETR), introduced himself to the Subcommittees.

The Division was the information technology (IT) support unit within the Department, explained Mr. Haws. The Division was responsible for ensuring all of Nevada's workforce technology systems and automated applications were up and running and supported business needs. The applications supported hundreds of thousands of Nevada's workforce constituents, Mr. Haws reported, including Nevada employers, job seekers, and unemployed persons.

The Division's challenges included the maintenance of a legacy mainframe application that was over 30 years old, said Mr. Haws. The Division ensured the application functioned properly during high levels of unemployment within the state. The Division also provided technical support on the Department's unemployment insurance (UI) modernization project, which Mr. Haws said was a challenge to support while continuing the daily operations of the Division.

Mr. Haws explained that the Division worked closely with the Department's business units to ensure that Nevada UI workforce applications managed the current processing loads and associated business transactions. To fulfill that assignment, the Division conducted daily monitoring of computing memory and ensured there was sufficient data storage. Mr. Haws reported that the Division supported more than 230,000 new UI claims annually and handled tens of thousands of weekly continued UI claims.

The Division recently upgraded the Department's call center and its virtual hold technology, which helped to avoid long telephone wait-times. The Division was also working to implement changes directed by the federal government pertaining to the UI software, specifically the legacy application. Recently, the Division was involved with assisting the Rehabilitation Division with electronic document processing, which Mr. Haws noted was leveraged using some of the technology that the Division had already adopted for the UI modernization project. Mr. Haws indicated that the Division also recently upgraded the Department's videoconferencing equipment.

Mr. Haws said he wished to provide an update on the UI modernization project. The modernization project began in November 2007 and aimed to replace the Department's UI automation applications that were over 30 years old. Mr. Haws stated that these legacy systems were at full maturity and no longer able to properly support Nevada's UI processing requirements and demands. Some of the problems that the Department encountered with the aging applications included having to wait until the nightly cycle ran to receive green bar paper that would indicate whether the information the consumer entered was correct, truncated dollar amounts in application fields, constraints on communicating across programs, and the legacy application's use of Social Security Numbers (SSNs) as the primary key, which Mr. Haws claimed to be a large security risk.

Mr. Haws reported that a request for proposal (RFP) was released in May 2009 through the Purchasing Division, Department of Administration to solicit state vendors to help the Department in replacing the legacy applications. Multiple bids were received and Capgemini was selected as the vendor. Project work commenced in February 2010 and the contract ran through June 2014. Mr. Haws noted that the contract contained 68 formal deliverables, of which 40 had been accepted to date, representing \$21.2 million, about 66 percent of the \$32.38 million contract amount accepted.

The Department worked with the U.S. Department of Labor and Capgemini to leverage an existing system from another state, said Mr. Haws. The Department brought the system in as a framework and had been working with Capgemini to tailor and configure it for the specific needs in Nevada. At this point, the Department had introduced electronic document imaging and was in the process of completing final system testing and data-conversion testing. The next phase of the project was scheduled for implementation in mid-2013.

Mr. Haws reported that benefits from the new system included improved integration between business functions; an outward Internet-facing component for Nevada's constituents; improved online, real-time edits and validation; an up-to-date and modernized database architecture and technology; an improved security, browser-based application for greater flexibility and access; and the termination of using SSNs as the primary key for the application.

Mr. Haws added that the automatic across-the-board cuts known as sequestration, necessitated by the Budget Control Act of 2011, were not likely to influence the funding for the UI modernization project, and the Department would like to have the program implemented by July 1, 2013.

Chair Carlton asked Mr. Haws about the cost allocation in decision unit Enhancement (E) 236. The cost allocation allowed for contract services for the vendor to do a knowledge transfer to Department personnel so they could understand the new technology systems. The contract was set to expire at the end of the 2013-2015 biennium, and Chair Carlton asked whether that would be enough time for Department personnel to gain sufficient working knowledge of the system and be able to manage it effectively.

In response to the question from Chair Carlton, Mr. Haws pointed out that the contract in decision unit E-236 was separate from the original contract and was not required for the vendor to complete the original contract. The proposed contract would allow for additional services from the vendor to provide direct technical support as the project moved forward. Mr. Haws claimed that the Department had not been able to learn much about the design and coding of the reports because the vendor still had ownership of the project.

Mr. Haws stated there was a warranty period for the project, during which the vendor was required to fix anything of the original design that was in its scope. The reason the cost allocation was smaller in fiscal year (FY) 2014 was that warranty period, said Mr. Haws. There would still be Capgemini staff on-site in FY 2014, so the Division thought it could get by with one full-time equivalent (FTE) in FY 2014 and two FTEs in FY 2015.

Mr. Haws said he believed the Division would need the amount of services in the contract within E-236 to keep itself whole and to protect the investment it had made thus far.

Chair Carlton told Mr. Haws she was concerned that the Division would have to keep contract workers on even longer if it was not up to speed in two years. Mr. Haws replied to Chair Carlton by stating that he was confident the Division would be able to do what it needed to do. Mr. Haws restated that the Division had the one-year warranty period in place as well.

Chair Carlton asked what the recourses were if the project did not go live in 2013. She asked whether there were any future licensing costs that would need to be kept on the sheet.

In response to the question from Chair Carlton, Mr. Haws stated that the Division maintained a very good working relationship with the vendor and much work had been accomplished. There were several federal initiatives that the Division was asked to implement which caused delays in the process, but at this point, Mr. Haws was very confident that the project was in position to go live according to schedule.

Mr. Haws said that if the project did not go live in 2013, the Division was ready to take severe action with the vendor. He also stated that an amendment to the original contract would need to be drafted if the project did not go live in 2013, and the Division would prorate the maintenance costs.

Chair Carlton said that decision unit E-237 added a new information technology (IT) manager 2 position and asked what position was currently responsible for the security of the Department's data.

In response to the question from Chair Carlton, Mr. Haws said that those tasks were currently distributed across the Division's staff: database administrators were responsible for the database administration security, software maintenance staff was responsible for application integrity, networking staff was responsible for the Department's internal networking, et cetera. Mr. Haws reported that there had been an increased emphasis on ensuring the data systems and assets were secured. The UI modernization project introduced another sophisticated layer of security to allow Nevada constituents to be able to access the Department's websites and conduct business directly through the web browser. With the accumulation of the new system and the new layer of security added to existing security responsibilities, Mr. Haws said the Division requested to bring on a skilled person to assist the Division in planning, monitoring, and managing all of the security elements within the Department.

Mr. Haws also pointed out that the Division was asked to collaborate and integrate more with other agencies within the state and at the federal level that each required a separate security element. Such agencies included the Internal Revenue Service, the U.S. Department of Labor, and the Social Security Administration (SSA).

Chair Carlton asked whether the position needed to be a full-time position and how the Division would address the security needs of the new system if the Subcommittees did not approve the new position.

Mr. Haws clarified that the Division currently had an information security officer designated within its staff, and that person managed many different responsibilities. The responsibilities of that position were day-to-day tasks that pertained to systems management, and without the position, Mr. Haws said the Division would not be able to keep up with the security maintenance and monitoring responsibilities.

Mr. Haws stated that a full-time security position was necessary within the Division because the workload had increased with the additional layer of security. There was going to be a need to use newer tools to be able to monitor and track security-related activities, help detect potential intrusions, and more.

Chair Carlton moved on to decision unit E-710, stating that there were many issues with the equipment replacement requests. She requested that Mr. Haws work with Fiscal staff to explain the requests and provide supporting documentation. Mr. Haws told Chair Carlton that he would be happy to work with Fiscal staff on that matter.

**HUMAN SERVICES**  
**EMPLOYMENT, TRAINING AND REHABILITATION**  
**EQUAL RIGHTS COMMISSION (101-2580)**  
**BUDGET PAGE DETR-113**

Chair Carlton opened the hearing on budget account 2580, the Nevada Equal Rights Commission (NERC). Chair Carlton stated that she believed the major issue with the Commission was the office relocation and asked the testifiers to elaborate on that matter.

Shelley Chinchilla, Administrator, NERC, introduced herself to the Subcommittees. Ms. Chinchilla asked Dennis Perea, Deputy Director, Department of Employment, Training and Rehabilitation (DETR), to provide an explanation of the office relocation, which was included in decision unit Enhancement (E) 225.

Mr. Perea stated that the Department was in the midst of discussions on the need to relocate the Nevada JobConnect office in Sparks, which housed the NERC office. The office was originally intended to be a "one-stop shop" administered by the local workforce investment board, but Mr. Perea claimed it was too expensive and underused. Mr. Perea noted that decision unit E-225 in budget account (BA) 2580 included the rent increase for the move out of Sparks, but it did not include the associated moving costs. At this time, the Department believed that the Commission could inherit some of the furniture it had given up in the past, and current staff would be able to relocate. Mr. Perea said the Department would like to keep that rent increase if possible.

Chair Carlton said that it sounded like there were not any definite answers at this time and asked Mr. Perea to keep staff informed on the matter.

Mr. Perea remarked that the Sparks JobConnect office was not an ideal location for the NERC investigators. When the Department was "scratching and scraping" for money, it thought that it could save money by placing the NERC within the Sparks JobConnect office, but the investigators conducted interviews that were fairly graphic and personal and not appropriate for that office setting. Mr. Perea concluded that regardless of the timing on the Sparks JobConnect office relocation, the Department would like to relocate the NERC to a more appropriate location.

Chair Carlton thanked Mr. Perea and again asked him to keep staff up to date on the matter.

Chair Carlton said the Subcommittees would hold BA 3273 to be heard another date along with BA 4770 and BA 4771. She apologized for being unable to hear all of the budget accounts today, but said it would be best to not have to rush through those budget accounts.

Assembly Committee on Ways and Means  
Subcommittee on Human Services  
Senate Committee on Finance  
Subcommittee on Human Services  
March 22, 2013  
Page 48

Chair Carlton adjourned the meeting at 11:31 a.m.

RESPECTFULLY SUBMITTED:

---

Nate Helton  
Committee Secretary

APPROVED BY:

---

Assemblywoman Maggie Carlton, Chair

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

---

Senator Debbie Smith, Chair

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



**EXHIBITS**

**Committee Name: Assembly Committee on Ways and Means, Subcommittee on Human Services; Senate Committee on Finance, Subcommittee on Human Services**

**Date: March 22, 2013**

**Time of Meeting: 8:05 a.m.**

| <b>Bill</b> | <b>Exhibit</b> | <b>Witness / Agency</b>  | <b>Description</b>            |
|-------------|----------------|--|-------------------------------|
|             | A              |  | Agenda                        |
|             | B              |  | Attendance Roster             |
|             | C              | Rick Kuhlmeier, Coalition of Nevada Blind and Deaf                   | Prepared remarks/Presentation |
|             | D              | Brian Patchett, Commission on Services for Persons with Disabilities | Letter to Chair Carlton       |