

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: February 14, 2017

Agency Submitting: Department of Health and Human Services, Welfare and Supportive Services

| Items of Revenue or Expense, or Both | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19 | Effect on Future Biennia |
|--------------------------------------|---------------------|---------------------|---------------------|--------------------------|
| CLIENT BENEFITS (Expense) | | \$10,312,380 | \$10,312,380 | \$20,624,760 |
| SYSTEM ENHANCEMENT (Expense) | | \$348,500 | | |
| Total | 0 | \$10,660,880 | \$10,312,380 | \$20,624,760 |

Explanation

(Use Additional Sheets of Attachments, if required)

This bill authorizes the division to use money from the Fund for Energy Assistance and Conservation distributed to the division to pay for programs to assist certain low-income households in paying for internet services. Section 1 of this bill specifies that a person who is exempt from paying the universal energy charge is not eligible to receive assistance from the division in paying for any utility/internet service. In addition to adding internet services as part of the utility payments offered, this bill would require the division to enhance the Energy Assistance Program's data system to include internet services.

This bill is funded 100% with the Fund for Energy Assistance and Conservation. Pursuant to NRS 702.160,1b, this fund comes from the Universal Energy Charge of 3.3 mills on each therm of natural gas and 0.39 mills on each kilowatt-hour of electricity that a retail customer purchases from another person for consumption in the state.

Name Brenda Berry

Title ASO 4

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Tuesday, February 14, 2017

The agency's response appears reasonable.

Name Nikki Hovden

Title Exec. Branch Budget Officer

NEVADA STATE WELFARE DIVISION
B/A 4862 ENERGY ASSISTANCE PROGRAM
FY 2018-2019 BUDGET PREPARATION
BDR 58-641 COST SUMMARY

EXHIBIT 1

| | |
|---------------------------|-----------------------|
| Update NEBS rates w/ G01 | |
| Updated with FY16 actuals | from 4862 GovRec 1819 |
| Updated Quotes/Estimates | |
| No current Information | |

| SUMMARY | | | | | |
|---------|----------------------|------------|------------|-----------------|------------|
| CAT | DESCRIPTION | FY18 | FY19 | FUTURE BIENNIA | |
| 16 | CLIENT BENEFITS | 10,312,380 | 10,312,380 | (2*FY19 ONGOING | 20,624,760 |
| 26 | INFORMATION SERVICES | 348,500 | - | | - |
| TOTAL | | 10,660,880 | 10,312,380 | | 20,624,760 |

| G.L. # | G.L. TITLE DESCRIPTION | FY 18 Program Allocation | FY18 REQUEST | FY 19 Program Allocation | FY19 REQUEST | FUTURE BIENNIA (2*FY17 ONGOING COSTS) |
|---------------|---------------------------|-----------------------------|-----------------|-----------------------------|-----------------|---|
| 3581 | UNIVERSAL ENERGY CHARGE | 100.0000% | 10,660,880 | 100.0000% | 10,312,380 | 20,624,760 |
| 3582 | LIHEA GRANT FUNDS | 0.0000% | - | 0.0000% | - | - |
| TOTAL REVENUE | | | 10,660,880 | | 10,312,380 | 20,624,760 |

| Client Benefits | | | COST PER HOUSEHOLD | # OF HOUSEHOLDS | FY18 COST | # OF HOUSEHOLDS | FY19 COST | FUTURE BIENNIA (2*FY19 ONGOING COSTS) |
|-----------------|---|--|-----------------------|-----------------|------------|-----------------|------------|---|
| 16 | 7420 INTERNET BENEFIT - (see Internet Service Cost) | | 381.94 | 27,000 | 10,312,380 | 27,000 | 10,312,380 | 20,624,760 |
| | | | | | 10,312,380 | | 10,312,380 | 20,624,760 |
| | | | | | ck figure | | 10,312,498 | |

| Information Svcs | | | | | | | | FUTURE BIENNIA (2*FY19 ONGOING COSTS) |
|------------------|------------------------------------|------------------------|--|-----------|------------|--|---|---|
| 26 | 7060 MSA'S FOR SYSTEM ENHANCEMENTS | 100/HR | | | | | | |
| | APPLICATION DEVELOPMENT | 2160 HOURS = \$216,000 | | 3485 | \$ 348,500 | | 0 | - |
| | REPORT DEVELOPMENT | 1125 HOURS = \$112,500 | | ck figure | \$ 348,500 | | | |
| | PROJECT MANAGEMENT | 200 HOURS = \$20,000 | | | | | | |
| | Total Hours | 3,485 | | | | | | |
| | Total Cost | \$ 348,500 | | | | | | |

| | | | | | | | |
|--------------------|--|--|--|--|------------|------------|------------|
| TOTAL IS - CAT 26 | | | | | 348,500 | - | - |
| TOTAL EXPENDITURES | | | | | 10,660,880 | 10,312,380 | 20,624,760 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF WELFARE AND SUPPORTIVE SERVICES
BDR 58-641 DETAILED COST ANALYSIS FOR INTERNET SERVICES**

EXHIBIT 1A

| | |
|---|---------------------|
| Median Nevadan Income: | \$68,978 |
| Basic Internet Service/yr: | \$480 |
| Median % of income expended on Internet Services: | 0.70% |
| Average Income of EAP assisted Households in FFY16 | \$14,091 |
| Amount of Internet Cost to be Paid by Household | \$98.06 |
| Amount of Benefit Required | \$381.94 |
| # of EAP Households Served | 27,000 |
| Potential Cost of Benefits | \$10,312,498.48 *** |

The following assumptions were made for this estimate:

- 1) The Internet Assistance program would serve the same households as the Energy Assistance Program
- 2) The lowest cost (basic, not high speed) Internet services of \$40.00/month was used, fees may be appreciably higher in rural areas
- 3) If the program attracts additional applications:
 - 1 case manager would be required to process every 2000 application annually
 - 1 clerk would be needed to support every 2 case managers
 - 1 supervisor would be needed for every 10 staff added above

***The Fund for Energy Assistance and Conservation comes from the Universal Energy Charge established in NRS 702.160,1b which charges 3.3 mills on each therm of natural gas and 0.39 mills on each kilowatt-hour of electricity that a retail customer purchases from another person for consumption in the state. This funding is collected by public utility companies and submitted to the Public Utilities Commission who forwards it to the Fund for Energy Assistance and Conservation at the State treasury.

Currently, Funding for the Energy Assistance Program is insufficient to meet the statutory goal of NRS 702.260 6. (a), which reads, the division "Shall, to the extent practicable, determine the amount of assistance that the household will receive by determining the amount of assistance that is sufficient to reduce the percentage of the household's income that is spent on natural gas and electricity to the median percentage of household income spent on natural gas and electricity statewide." Based on actual income and energy usage of assisted applicants, the division determined an additional \$6 million (increasing the average annual benefit by \$240) would have been required to meet this goal in SFY16. Based on the above projections, adding internet to the EAP may exceed the amount currently received from the fund which would require the division to further lower the average energy assistance benefit or reduce caseload by lowering the eligibility income level to something below 150% of poverty.

The average amount of Universal Energy Charge funding the division received between 2014-2016 is approx. \$9.9M.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH AND HUMAN SERVICES
BDR 58-641 - DETAIL SYSTEM CHANGE COST ANALYSIS

EXHIBIT 1B

| System Change | Requirements/Test | | Development | | Training | |
|--|-------------------|--------------|-------------|--------------|----------|------------|
| | Time | Cost | Time | Cost | Time | Cost |
| APPLICATION DEVELOPMENT | | | | | | |
| Enhance Vendor Screens | | | 40 | \$4,000.00 | | |
| Add a Notice (Update Panels and Form) (50 hours per form/Notice) | | | 50 | \$5,000.00 | | |
| Enhance Energy Provider screens | | | 100 | \$10,000.00 | | |
| Enhance Certification screens and process | | | 500 | \$50,000.00 | | |
| Enhance Redeposit/Relssues | | | 150 | \$15,000.00 | | |
| Enhance RFI Screens and Notice | | | 100 | \$10,000.00 | | |
| Enhance Constants | | | 120 | \$12,000.00 | | |
| Application Development Subtotal | | | 1060 | \$106,000.00 | | |
| Application Requirements Subtotal | 240 | \$24,000.00 | | | | |
| Application Test Subtotal (2 people at 10 weeks) | 800 | \$80,000.00 | | | | |
| Application Training Subtotal | | | | | 60 | \$6,000.00 |
| Application Total | \$216,000.00 | | | | | |
| | | | | | | |
| REPORT DEVELOPMENT | | | | | | |
| Create reports necessary for workfare reporting (100 hours Per Report) | | | 500 | \$50,000.00 | | |
| Reports Development Subtotal | | | 500 | \$50,000.00 | | |
| Reports Requirements Subtotal | 200 | \$20,000.00 | | | | |
| Reports Test Subtotal | 400 | \$40,000.00 | | | | |
| Reports Training Subtotal | | | | | 25 | \$2,500.00 |
| Report Total | \$112,500.00 | | | | | |
| | | | | | | |
| PROJECT MANAGEMENT | | | | | | |
| Project Management | | | 200 | \$20,000.00 | | |
| Project Management Total | \$20,000.00 | | | | | |
| | | | | | | |
| TOTAL | 1640 | \$164,000.00 | 1760 | \$176,000.00 | 85 | \$8,500.00 |
| GRAND TOTAL | \$348,500.00 | | | | | |