

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 6, 2017

Agency Submitting: Department of Employment, Training and Rehabilitation

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
UI Trust Fund (Revenue)				\$29,500,000
Set Aside Reductions (Revenue)				(\$56,719)
UI Contributions (Revenue)				\$41,400,000
Client Wages (Expense)				\$289,350
Intermittent Employee Wages (Expense)				
UI Benefits (Expense)				\$14,200,000
Total	0	0	0	\$56,353,931

Explanation

(Use Additional Sheets of Attachments, if required)

The Department calculates several impacts. The Bureau of Vocational Rehabilitation and Bureau of Services to the Blind and Visually Impaired provide community based assessment/work experience programs wherein the Bureaus pay minimum wage salaries for clients while they are working in the program. Furthermore, this initiative would impact Unemployment Insurance (UI) Benefits and Contributions. The changes in wages are calculated and applied to the existing UI forecasting model to determine the future impact on UI Benefits Payments and UI Contributions. Finally, a reduction to the set aside in the Blind Business Enterprise of Nevada (BEN) program is anticipated due to payroll increases at sites that employ individuals at minimum wage. Set aside is a percentage of the profits. The Department then factored the percentage that each specific BEN operator pays, to arrive at the amount of set aside that would not be paid due to increased payroll costs. This would also impact the wages paid to student worker positions, who are employed by this department.

In addition to calculated impacts, there are other impacts that cannot be determined at this time for the Rehabilitation Division. The cost of operating a business will increase, so we would fully expect that we would lose some service providers, and that we would have to renegotiate fee schedules for our existing service providers at an increased rate to make up for the increased cost of doing business. The impact for an increase in client service expenditures for receiving the same services cannot be determined at this time; however the impact would be fairly substantial as around \$7 million is expended towards client services each year.

Name Kathleen DeSocio

Title Deputy CFO

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Wednesday, February 22, 2017

The agency's response appears reasonable.

Name Susan Brown

Title Executive Budget Officer

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR C-867

Name of Agency: Department of Employment, Training, and Rehabilitation

Division/Department: _____

Date: 2/15/2017

Category Type	Description	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Effect on Future Biennia (Fiscal Year 2019-23)
Revenue	UI Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,700,000.00	\$ 10,300,000.00	\$ 15,500,000.00	\$ 29,500,000.00
Revenue	Reduction to Set Aside Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,624.74)	\$ (18,906.18)	\$ 37,812.37	\$ (56,718.55)
Revenue	UI Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,800,000.00	\$ 14,800,000.00	\$ 21,800,000.00	\$ 41,400,000.00
Expense	Client Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,225.00	\$ 96,450.00	\$ 144,675.00	\$ 289,350.00
Expense	Intermittent Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	UI Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000.00	\$ 5,200,000.00	\$ 7,500,000.00	\$ 14,200,000.00
Totals		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,876,150.26	\$ 19,784,643.82	\$ 29,693,137.37	\$ 56,353,931.45

Organizational Input

The Department calculates several impacts. The Bureau of Vocational Rehabilitation and Bureau of Services to the Blind and Visually Impaired provide community based assessment/work experience programs wherein the Bureaus pay minimum wage salaries for clients while they are working in the program. Furthermore, this initiative would impact Unemployment Insurance (UI) Benefits and Contributions. The changes in wages are calculated and applied to the existing UI forecasting model to determine the future impact on UI Benefits Payments, UI Contributions. Finally, a reduction to the set aside in the Blind Business Enterprise of Nevada (BEN) program is anticipated due to payroll increases at sites that employ individuals at minimum wage. Set aside is a percentage of the profits. The Department then factored the percentage that each specific BEN operator pays, to arrive at the amount of set aside that would not be paid due to increased payroll costs.

In addition to calculated impacts, there are other impacts that cannot be determined at this time for the Rehabilitation Division. The cost of operating a business will increase, so we would fully expect that we would lose some service providers, and that we would have to renegotiate fee schedules for our existing service providers at an increased rate to make up for the increased cost of doing business. The impact for an increase in client service expenditures for receiving the same services cannot be determined at this time; however the impact would be fairly substantial as around \$7 million is expended towards client services each year.

OFFICE OF THE

MEMORANDUM

Date: February 15, 2017

To: Cheryl Harvey, Management Assistant
LCB Fiscal Analysis Division

From: Don Soderberg, Director
Department of Employment, Training, and Rehabilitation

SUBJECT: BDR C-867 Response

We have performed an analysis of the proposed legislation BDR C-867, and our information shows that as of 2016 there were over 356,500 Nevada workers earning a mean wage of \$12.00 per hour or less. Table 1 below shows the number of Nevadans earning wages below each 75 cent threshold from \$9.00 per hour to \$12.00 per hour, as of 2016.

Table 1. Number of Workers Earning Less Than a Certain Wage, 2016 Employment Values

Wage	Number of Workers, 2016
\$ 9.00	141,634
\$ 9.75	202,259
\$ 10.50	257,046
\$ 11.25	306,587
\$ 12.00	356,519

Taking into account occupational growth rates from our latest estimates, and ignoring any potential negative employment impact, the number of workers under each proposed wage threshold over the life of the bill would be as shown in Table 2.

Table 2. Number of Workers Earning Less Than a Certain Wage, Projected Employment Values

Wage	Year	Number of Workers
\$ 9.00	2021	158,739
\$ 9.75	2022	225,833
\$ 10.50	2023	287,121
\$ 11.25	2024	347,316
\$ 12.00	2025	403,899

Additionally, we have analyzed the potential impact of BDR C-867 on the UI Trust Fund. Currently, approximately \$300 million in benefits are paid each year, while contributions paid total approximately \$560 million and the Trust Fund balance is \$750 million¹. Assuming a constant UI contribution rate at the current level of 1.95%, our estimated impacts are presented for each fiscal year in Table 3 below. These estimates are presented as ranges due to uncertainty regarding the legislation's potential negative impacts on employment levels. Please note that this is a partial analysis because the model only runs through 2023, although the bill will have impacts in future years.

Table 3. Estimated Impact of BDR C-867 on UI Trust Fund

Year	Estimated Changes To:		
	Benefit Payments (millions \$)	Contributions (millions \$)	Trust Fund (millions \$)
2021	1.1 – 1.5	4.3 – 4.8	2.8 – 3.7
2022	4.6 – 5.2	13.3 – 14.8	8.3 – 10.3
2023	6.7 – 7.5	19.8 – 21.8	12.7 – 15.5
2018 - 2023 Total	12.5 – 14.3	37.5 – 41.3	23.7 – 29.5

¹ As the date of this Fiscal Note.

DESCRIPTION OF FISCAL EFFECT

ent Number: BDR 53-866

he of Agency: Department of Employment, Training, and Rehabilitation

Department: Rehabilitation

Date:2/14/2017

Total Payroll by location					Current Minimum 8.25																										
					Projected Wage Total on Monthly Basis (SB106)						Differences Annually						Reduction in Set Aside						Current Set Aside %								
October	November	December	Average Monthly Wages	Number of hrs at \$10/hr.	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	Total Difference		2018	2019	2020	2021	2022	2023		2018	2019	2020	2021	2022	2023
					\$ 8.25	\$ 8.25	\$ 8.25	\$ 9.00	\$ 9.75	\$ 10.50																					
Hoover Dam	\$ 98,738.00	\$ 85,988.00	\$ 86,421.00	\$ 90,382.33	9038.23	\$ 90,382.33	\$ 90,382.33	\$ 90,382.33	\$ 81,344.10	\$ 88,122.78	\$ 94,907.45	\$ 0.00	\$ 0.00	\$ 0.00	\$ (108,458.80)	\$ (27,114.70)	\$ 54,229.40	\$ (81,344.10)	50%	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (54,229.40)	\$ (13,557.35)	\$ 27,114.70					
Sahara DMV	\$ 6,484.00	\$ 5,355.00	\$ 3,211.00	\$ 5,016.67	501.67	\$ 5,016.67	\$ 5,016.67	\$ 5,016.67	\$ 4,515.00	\$ 4,891.25	\$ 5,267.50	\$ -	\$ -	\$ -	\$ (6,020.00)	\$ (1,505.00)	\$ 3,010.00	\$ (4,515.00)	15%	\$ -	\$ -	\$ -	\$ -	\$ (903.00)	\$ (225.75)	\$ 451.50					
Pyramid Café	\$ 7,223.00	\$ 6,619.00	\$ 8,093.00	\$ 7,311.67	731.17	\$ 7,311.67	\$ 7,311.67	\$ 7,311.67	\$ 6,580.50	\$ 7,128.88	\$ 7,677.25	\$ 0.00	\$ 0.00	\$ 0.00	\$ (8,774.00)	\$ (2,193.50)	\$ 4,387.00	\$ (6,580.50)	10%	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (877.40)	\$ (219.35)	\$ 438.70					
Jason's Place	\$ 3,350.00	\$ 4,985.00	\$ 3,500.00	\$ 3,945.00	394.50	\$ 3,945.00	\$ 3,945.00	\$ 3,945.00	\$ 3,550.50	\$ 3,846.38	\$ 4,142.25	\$ -	\$ -	\$ -	\$ (4,734.00)	\$ (1,183.50)	\$ 2,367.00	\$ (3,550.50)	15%	\$ -	\$ -	\$ -	\$ -	\$ (710.10)	\$ (177.53)	\$ 355.05					
Hoover Dam	\$ 23,263.00	\$ 29,142.00	\$ 40,852.00	\$ 31,085.67	3108.57	\$ 31,085.67	\$ 31,085.67	\$ 31,085.67	\$ 27,977.10	\$ 30,308.53	\$ 32,639.95	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (37,302.80)	\$ (9,325.70)	\$ 18,651.40	\$ (27,977.10)	50%	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (18,651.40)	\$ (4,662.85)	\$ 9,325.70					
DMV Reno C	\$ 3,035.00	\$ 3,035.00	\$ 1,600.00	\$ 2,556.67	255.67	\$ 2,556.67	\$ 2,556.67	\$ 2,556.67	\$ 2,301.00	\$ 2,492.75	\$ 2,684.50	\$ -	\$ -	\$ -	\$ (3,068.00)	\$ (767.00)	\$ 1,534.00	\$ (2,301.00)	1%	\$ -	\$ -	\$ -	\$ -	\$ (30.68)	\$ (7.67)	\$ 15.34					
Reno City Ha	\$ 1,470.00	\$ 1,470.00	\$ 1,470.00	\$ 1,470.00	147.00	\$ 1,470.00	\$ 1,470.00	\$ 1,470.00	\$ 1,323.00	\$ 1,433.25	\$ 1,543.50	\$ -	\$ -	\$ -	\$ (1,764.00)	\$ (441.00)	\$ 882.00	\$ (1,323.00)	1%	\$ -	\$ -	\$ -	\$ -	\$ (17.64)	\$ (4.41)	\$ 8.82					
NDOT Microt	\$ 465.00	\$ 355.00	\$ 535.00	\$ 451.67	45.17	\$ 451.67	\$ 451.67	\$ 451.67	\$ 406.50	\$ 440.38	\$ 474.25	\$ 0.00	\$ 0.00	\$ 0.00	\$ (542.00)	\$ (135.50)	\$ 271.00	\$ (406.50)	5%	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (27.10)	\$ (6.77)	\$ 13.55					
HPP Concess	\$ 1,530.00	\$ 1,540.00	\$ -	\$ 1,023.33	102.33	\$ 1,023.33	\$ 1,023.33	\$ 1,023.33	\$ 921.00	\$ 997.75	\$ 1,074.50	\$ 0.00	\$ 0.00	\$ 0.00	\$ (1,228.00)	\$ (307.00)	\$ 614.00	\$ (921.00)	10%	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (122.80)	\$ (30.70)	\$ 61.40					
Washoe Cou	\$ 934.00	\$ 611.00	\$ 1,216.00	\$ 920.33	92.03	\$ 920.33	\$ 920.33	\$ 920.33	\$ 828.30	\$ 897.33	\$ 966.35	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (1,104.40)	\$ (276.10)	\$ 552.20	\$ (828.30)	5%	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (55.22)	\$ (13.81)	\$ 27.61					
Arizona Look	\$ 6,231.00	\$ 6,089.00	\$ 9,324.00	\$ 7,214.33	721.43	\$ 7,214.33	\$ 7,214.33	\$ 7,214.33	\$ 6,492.90	\$ 7,033.98	\$ 7,575.05	\$ -	\$ -	\$ -	\$ (8,657.20)	\$ (2,164.30)	\$ 4,328.60	\$ (6,492.90)	50%	\$ -	\$ -	\$ -	\$ -	\$ (4,328.60)	\$ (1,082.15)	\$ 2,164.30					
DMV Decatur	\$ 5,988.00	\$ 4,310.00	\$ 5,116.00	\$ 5,138.00	513.80	\$ 5,138.00	\$ 5,138.00	\$ 5,138.00	\$ 4,624.20	\$ 5,009.55	\$ 5,394.90	\$ -	\$ -	\$ -	\$ (6,165.60)	\$ (1,541.40)	\$ 3,082.80	\$ (4,624.20)	20%	\$ -	\$ -	\$ -	\$ -	\$ (1,233.12)	\$ (308.28)	\$ 616.56					
Bryan Bistr	\$ 1,968.00	\$ 1,968.00	\$ 1,968.00	\$ 1,968.00	196.80	\$ 1,968.00	\$ 1,968.00	\$ 1,968.00	\$ 1,771.20	\$ 1,918.80	\$ 2,066.40	\$ -	\$ -	\$ -	\$ (2,361.60)	\$ (590.40)	\$ 1,180.80	\$ (1,771.20)	1%	\$ -	\$ -	\$ -	\$ -	\$ (23.62)	\$ (5.90)	\$ 11.81					
Viva Vegas V	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	120.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,080.00	\$ 1,170.00	\$ 1,260.00	\$ -	\$ -	\$ -	\$ (1,440.00)	\$ (360.00)	\$ 720.00	\$ (1,080.00)	10%	\$ -	\$ -	\$ -	\$ -	\$ (144.00)	\$ (36.00)	\$ 72.00					
Sunny's Too	\$ 1,440.00	\$ 1,440.00	\$ 2,300.00	\$ 1,726.67	172.67	\$ 1,726.67	\$ 1,726.67	\$ 1,726.67	\$ 1,554.00	\$ 1,683.50	\$ 1,813.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (2,072.00)	\$ (518.00)	\$ 1,036.00	\$ (1,554.00)	20%	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (414.40)	\$ (103.60)	\$ 207.20					
DMV Flaming	\$ 4,937.00	\$ 5,723.00	\$ 6,043.00	\$ 5,567.67	556.77	\$ 5,567.67	\$ 5,567.67	\$ 5,567.67	\$ 5,010.90	\$ 5,428.48	\$ 5,846.05	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (6,681.20)	\$ (1,670.30)	\$ 3,340.60	\$ (5,010.90)	35%	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (2,338.42)	\$ (584.61)	\$ 1,169.21					
Family Courts	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	140.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,260.00	\$ 1,365.00	\$ 1,470.00	\$ -	\$ -	\$ -	\$ (1,680.00)	\$ (420.00)	\$ 840.00	\$ (1,260.00)	10%	\$ -	\$ -	\$ -	\$ -	\$ (168.00)	\$ (42.00)	\$ 84.00					
Cacus Deli (L	\$ 2,150.00	\$ 1,911.00	\$ 2,113.00	\$ 2,058.00	205.80	\$ 2,058.00	\$ 2,058.00	\$ 2,058.00	\$ 1,852.20	\$ 2,006.55	\$ 2,160.90	\$ -	\$ -	\$ -	\$ (2,469.60)	\$ (617.40)	\$ 1,234.80	\$ (1,852.20)	1%	\$ -	\$ -	\$ -	\$ -	\$ (24.70)	\$ (6.17)	\$ 12.35					
M.L. Espresso	\$ 1,923.00	\$ 1,923.00	\$ 1,923.00	\$ 1,923.00	192.30	\$ 1,923.00	\$ 1,923.00	\$ 1,923.00	\$ 1,730.70	\$ 1,874.93	\$ 2,019.15	\$ -	\$ -	\$ -	\$ (2,307.60)	\$ (576.90)	\$ 1,153.80	\$ (1,730.70)	1%	\$ -	\$ -	\$ -	\$ -	\$ (23.08)	\$ (5.77)	\$ 11.54					
Aroma Café	\$ 2,190.00	\$ 612.00	\$ 1,440.00	\$ 1,414.00	141.40	\$ 1,414.00	\$ 1,414.00	\$ 1,414.00	\$ 1,272.60	\$ 1,378.65	\$ 1,484.70	\$ -	\$ -	\$ -	\$ (1,698.80)	\$ (424.20)	\$ 848.40	\$ (1,272.60)	5%	\$ -	\$ -	\$ -	\$ -	\$ (84.84)	\$ (21.21)	\$ 42.42					
TOTALS	\$ 146,492.00	\$ 139,100.00	\$ 146,898.00	\$ 144,163.33	\$ 14,416.33	\$ 144,163.33	\$ 144,163.33	\$ 144,163.33	\$ 129,747.00	\$ 140,559.25	\$ 151,371.50	\$ 0.00	\$ 0.00	\$ 0.00	\$ (172,996.00)	\$ (43,249.00)	\$ 86,498.00	\$ (129,747.00)		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (75,624.74)	\$ (18,906.18)	\$ 37,812.37					
																			Impact Per Bienna	\$ 0.00		\$ (75,624.74)		\$ 18,906.19							

BDR C-867

SFY16 VR Client Wages For CBAs / SAs and Related Minimum Wage Projections

	A	B	C	D	E	F	G	H	I
Vendor	SFY16 Clients	Hours Worked	Current Minimum Wage of \$8.25	SFY18 Projected Minimum Wage of \$9.00 (Increase of \$.75 from SFY16)	SFY19 Projected Minimum Wage of \$9.75 (Increase of \$1.25 from SFY16)	SFY2020 Projected Minimum Wage of \$10.50 (Increase of \$2.25 from SFY16)	SFY2021 Projected Minimum Wage of \$11.25 (Increase of \$3.00 from SFY16)	SFY2022 Projected Minimum Wage of \$12.00 (Increase of \$3.75 from SFY16)	SFY2023 Projected Minimum Wage of \$12.00 (Increase of \$12.00 from SFY16)
Proposed Rate			\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 9.00	\$ 9.75	\$ 10.50
Goodwill Industries	322	100	\$265,650	\$265,650	\$265,650	\$265,650	\$289,800	\$313,950	\$338,100
Manpower	191	100	\$157,575	\$157,575	\$157,575	\$157,575	\$171,900	\$186,225	\$200,550
Opportunity Village	72	100	\$59,400	\$59,400	\$59,400	\$59,400	\$64,800	\$70,200	\$75,600
United Cerebral Palsy	32	100	\$26,400	\$26,400	\$26,400	\$26,400	\$28,800	\$31,200	\$33,600
Howroyd Wright	8	100	\$6,600	\$6,600	\$6,600	\$6,600	\$7,200	\$7,800	\$8,400
STS Temps	7	100	\$5,775	\$5,775	\$5,775	\$5,775	\$6,300	\$6,825	\$7,350
Easter Seals	5	100	\$4,125	\$4,125	\$4,125	\$4,125	\$4,500	\$4,875	\$5,250
American Rehabilitation	2	100	\$1,650	\$1,650	\$1,650	\$1,650	\$1,800	\$1,950	\$2,100
Empowerment Center	1	100	\$825	\$825	\$825	\$825	\$900	\$975	\$1,050
High Sierra Industries	1	100	\$825	\$825	\$825	\$825	\$900	\$975	\$1,050
Lanan Pasion	1	100	\$825	\$825	\$825	\$825	\$900	\$975	\$1,050
TMCC Board of Regents	1	100	\$825	\$825	\$825	\$825	\$900	\$975	\$1,050
	643	100	\$530,475	\$530,475	\$530,475	\$530,475	\$578,700	\$626,925	\$675,150
Impact from Current Minimum Wage				\$0	\$0	\$0	\$48,225	\$96,450	\$144,675

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/ Number: BDR-867

Agency: Department of Employment, Training, and Rehabilitation

Division/Department: Employment Security Division

Date: 2/15/2017

Intermittent Positions Calculations

					Projected Hourly Rate								Hourly Rate Differences By Year						Projected Impact Including 14.5% in retirement Contributions by year							
Proposed Minimum Wage													\$ 8.25	\$ 8.25	\$ 8.25	\$ 9.00	\$ 9.75	\$ 10.50								
Posn NBR	Title	Description	Grade	Hourly Rate	Current Rate	SFY2017	SFY2018	SFY2019	SFY2020	SFY2021	SFY2022	SFY2023	SFY2018	SFY2019	SFY2020	SFY2021	SFY2022	SFY2023	Hours in a year	SFY2018	SFY2019	SFY2020	SFY2021	SFY2022	SFY2023	
8516	2.131	STUDENT WORKER	10	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 9.00	\$ 9.75	\$ 10.50	\$ -	\$ -	\$ -	\$ 0.75	\$ 1.50	\$ 2.25	2,088	\$ -	\$ -	\$ -	\$ 1,793.07	\$ 3,586.14	\$ 5,379.21	
													\$ -	\$ -	\$ -	\$ 0.75	\$ 1.50	\$ 2.25		\$ -	\$ -	\$ -	\$ 1,793.07	\$ 3,586.14	\$ 5,379.21	
													Biennium Total						\$ -	\$ 1,793.07	\$ 8,965.35					
																				Total Impact Over Bienniums						\$ 10,758.42