

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

**Seventy-Ninth Session
May 17, 2017**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on Human Services was called to order by Chair Michael C. Sprinkle at 8:14 a.m. on Wednesday, May 17, 2017, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 www.leg.state.nv.us/App/NELIS/REL/79th2017.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Michael C. Sprinkle, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Anderson
Assemblyman Nelson Araujo
Assemblywoman Irene Bustamante Adams
Assemblyman Jason Frierson
Assemblyman James Oscarson
Assemblywoman Robin L. Titus

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Moises Denis, Chair
Senator Joyce Woodhouse
Senator Ben Kieckhefer

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Karen Hoppe, Senior Program Analyst
Cathy Crocket, Program Analyst
Anne Bowen, Committee Secretary
Lisa McAlister, Committee Assistant



Chair Sprinkle called for public comment and, hearing none, opened the hearing on budget account 1383.

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - COMMUNITY JUVENILE JUSTICE PROGRAMS (101-1383)
BUDGET PAGE DHHS-DCFS-49**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 1383, Community Juvenile Justice Programs.

Ms. Hoppe said there were seven budgets for the Subcommittees to hear. The first six were in juvenile justice and the seventh was children's mental health. Community Juvenile Justice Programs, BA 1383, contained three major closing issues.

The first major closing issue was Juvenile Justice System Improvements, decision unit Enhancement (E) 737. To support the goals of reducing recidivism rates, improving outcomes for youth in the juvenile justice system, and ensuring existing state and local juvenile justice resources were used more efficiently, the Governor recommended State General Fund appropriations of approximately \$1.5 million over the 2017-2019 biennium. The improvements recommended in this decision unit established recommendations adopted by the Statewide Juvenile Justice Improvement Initiative Task Force (Task Force), which was established by Executive Order. The Task Force was co-chaired by the First Lady, Kathleen Sandoval, and Nevada Supreme Court Justice Nancy Saitta and was composed of representatives from each of the three branches of government as well as county and local agencies.

Ms. Hoppe explained that Nevada was the only state to receive technical assistance from the federal Department of Justice to undertake a comprehensive review of the juvenile justice system. The Council of State Governments (CSG) Justice Center provided the assistance, and with that assistance, the Task Force addressed three issues identified in Nevada's juvenile justice system:

1. The majority of counties and the state lacked objective criteria and tools to match youth with the most appropriate level and type of supervision and services, leading to an inefficient use of resources and high recidivism rates for youth on probation and parole.
2. Many youth in contact with the juvenile justice system cycled through the system multiple times without getting their key needs met because of a lack of evidenced-based services and support in the community and in facilities.

3. State and local agencies did not regularly or fully track juvenile justice system performance, recidivism rates, or other outcomes for youth and lacked the data structure and research capacity to analyze system performance and use data to guide policy, practice, and funding improvements.

Based on the issues identified, recommendations for the Task Force were shown as follows:

1. Adopt a validated risk and needs assessment tool statewide, and use the results to guide supervision and disposition decisions.
2. Require that all state funding for juvenile justice services be used only for evidence-based programs and practices and/or those shown to be effective in improving outcomes for youth.
3. Establish required data elements with definitions that all juvenile courts, probation agencies, and staff of youth correctional and parole services must collect and report to the Division of Child and Family Services, Department of Health and Human Services.
4. Establish performance measures related to the supervision/services youth receive, recidivism rates, and other youth outcomes for youth under the jurisdiction of local juvenile probation agencies committed to the Division of Child and Family Services.
5. Maintain juvenile records and broaden the release of juvenile justice information while ensuring confidentiality.

The Task Force's recommendations were incorporated into Assembly Bill (A.B.) 472 (1st Reprint) and submitted on behalf of the Governor's Office. This decision unit contained the fiscal resources needed by the agency to implement the Task Force recommendations and the provisions of A.B. 472 (R1).

The Executive Budget recommended funding to support the following expenditure categories:

Adoption and Implementation of Statewide Validated Risk and Needs Assessment

Ms. Hoppe said this would be used by local probation departments and the Division of Child and Family Services prior to disposition of youth in the juvenile justice system and then every six months. The assessment would be used to determine the risks for continued criminal conduct and needs of the youth, and the result would then inform supervision, disposition, and treatment decisions.

Implementation of Uniform Data Collection System and Analysis

According to Ms. Hoppe, CaseloadPRO was a case management software system for both juvenile field operations and juvenile facility operations. The Division indicated that currently there were at least five different data systems in use by the state and county juvenile justice agencies. This recommendation would combine all agencies into one system, and the Division would then be able to better understand the strengths and weaknesses and improve outcomes throughout the system. The Division indicated that CaseloadPRO included operating costs for approximately 800 users across the state, estimated at 287 users within the Division with the remaining users at the county level. This request also included data conversion costs for the Division and the counties, and it was anticipated that CaseloadPRO could complete the process within six months from approval.

The Division indicated that the only costs that would carry into future biennia were the Division expenses for the assessment tool, maintenance of the data system, and a monthly fee for each user of the system. The Division did not anticipate that the state would continue to fund county costs after the 2017-2019 biennium.

Research and Quality Improvement

The third component of this recommendation was for research and quality improvement. Ms. Hoppe stated the Division discussed the recommendation for development of a juvenile justice resource center, noting that Nevada was one of 16 states with no evidence-based resource center.

The Subcommittees inquired why the resource center was not funded in fiscal year (FY) 2019 in this decision unit. The Division indicated it planned to develop a relationship with one or both of the universities in Nevada and actively seek private donations to support the resource center after FY 2018.

Ms. Hoppe said the Division stated it would work with the data technical assistance contractor and national organizations to develop the most useful performance measures, including the following:

- Reoffense while on supervision.
- Reoffense after termination from supervision.
- Escalation within the system.
- Entry into adult system.

Chair Sprinkle called for questions from the Subcommittees and, hearing none, said he would accept a motion.

SENATOR WOODHOUSE MOVED TO APPROVE FUNDING JUVENILE JUSTICE SYSTEM IMPROVEMENTS WITH GENERAL FUND APPROPRIATIONS OF \$1.5 MILLION OVER THE 2017-2019 BIENNIUM IN BUDGET ACCOUNT 1383 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Frierson, and Oscarson and Senator Kieckhefer were not present for the vote.)

Ms. Hoppe related that the second major closing issue in BA 1383 was video surveillance system improvements. To comply with provisions of the federal Prison Rape Elimination Act (PREA) of 2003, the Governor recommended video surveillance system improvements to the three state-operated juvenile justice correctional facilities: Summit View Youth Center (Summit View); Caliente Youth Center (CYC); and Nevada Youth Training Center (NYTC). The recommendation was funded with State General Fund appropriations of \$493,574 in FY 2018.

The 2015 Legislature approved funding for PREA compliance projects, which included \$150,000 to install video surveillance systems for CYC and NYTC at \$75,000 each. The Division indicated video equipment had been purchased and installed at total cost of \$162,741 for the NYTC and indicated that installation costs for NYTC were higher than \$75,000 because the Division did not have full vendor quotes at the time of budget building and approval.

Ms. Hoppe said the CYC video surveillance system that was approved by the 2015 Legislature had not been purchased or installed. The Division decided to focus solely on the NYTC system instead of attempting to partially complete the video monitoring system at both facilities.

The Executive Budget recommended funding to improve video surveillance system capabilities at the three state-operated juvenile justice facilities in FY 2018.

Summit View Youth Center

According to Ms. Hoppe, when Summit View Youth Center was first reopened in February 2016, the video system underwent a number of upgrades and a minimum number of repairs needed to bring the older systems to an operational level. For the upcoming biennium, the recommendation would begin a second phase of improvements, replacing analog cameras and adding seven indoor cameras to provide visibility where cameras did not currently exist.

Nevada Youth Training Center

For NYTC, the recommendation was to fund improvements in the internal network infrastructure needed to support the video surveillance system that had been installed.

Caliente Youth Center

Caliente Youth Center currently lacked a video surveillance system and the existing internal network infrastructure was inadequate. Ms. Hoppe said this would represent the purchase and installation of a full system. The agency indicated that if this recommendation were approved, the solutions would support compliance with PREA mandates.

Chair Sprinkle called for questions from the Subcommittees and, hearing none, requested a motion.

SENATOR DENIS MOVED TO APPROVE FUNDING VIDEO SURVEILLANCE SYSTEM IMPROVEMENTS FOR PRISON RAPE ELIMINATION ACT (PREA) COMPLIANCE WITH GENERAL FUND APPROPRIATIONS OF \$493,574 IN FISCAL YEAR 2018 IN BUDGET ACCOUNT 1383 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Oscarson were not present for the vote.)

Major closing issue 3 in budget account (BA) 1383 concerned changing the funding source for an existing PREA coordinator. Because the federal funding that currently supported the PREA coordinator position would expire in FY 2018, the Governor recommended State General Fund appropriations of \$230,247 over the 2017-2019 biennium.

At the February 2016 meeting, the Interim Finance Committee (IFC) approved a new federal grant of \$177,174 from the U.S. Department of Justice. The grant would provide funding for training and education in juvenile correctional facilities regarding compliance with PREA and funding for a new full-time position to act as PREA Coordinator for the Division. Ms. Hoppe said this was presented as a one-time grant by the Division of Child and Family Services (Division) that had indicated it had made efforts to secure other federal funding but had been unsuccessful. The Division noted that funding for juvenile justice services had decreased by 50 percent over the last 15 fiscal years. Fiscal Analysis Division staff asked about benefits experienced by having a PREA coordinator and specific tasks accomplished by the PREA coordinator. Some of the tasks accomplished by the PREA coordinator were as follows:

- Completed preaudit visits leading to more successful initial audit results.
- Implemented a universal statewide PREA policy with form revisions and a universal PREA screening tool for all facilities.
- Developed a universal tracking system for proper investigation of PREA incidents and assisted facilities with proper investigation actions.
- Secured various memorandums of understanding with agencies to provide outside reporting options in accordance with PREA regulations.
- Provided training and support for the facility PREA managers, including monthly PREA calls.
- Developed PREA kits for facilities to have for immediate and appropriate responses to PREA allegations.
- Worked to bring Division central office functions, such as Human Resources and Contract Services, into compliance so that each of the facilities could be in compliance.
- Collected, reported, and published PREA allegation information in accordance with the standards.

In addition to salary and benefit costs for the position, Ms. Hoppe noted that this decision unit included funding of \$13,360 per year to support travel costs for the PREA coordinator. These costs would allow the PREA coordinator to visit Summit View, Caliente Youth Center, and Nevada Youth Training Center and attend an annual PREA conference. The travel to the facilities would allow the PREA coordinator to be present during the official PREA audit and visit the facilities prior to the audit to ensure readiness.

Chair Sprinkle called for questions from the members and, hearing none, stated he would consider a motion.

SENATOR DENIS MOVED TO APPROVE CHANGING THE FUNDING SOURCE FOR THE EXISTING PREA COORDINATOR AND ASSOCIATED COSTS FROM FEDERAL GRANT FUNDS TO STATE GENERAL FUND APPROPRIATIONS OF \$230,247 OVER THE 2017-2019 BIENNIUM IN BUDGET ACCOUNT 1383 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Oscarson were not present for the vote.)

There were three other closing items recommended by the Governor, all of which appeared reasonable to Fiscal Analysis Division staff.

Fiscal Analysis Division staff recommended that other closing items be closed as recommended by the Governor and requested authority to make technical adjustments as needed.

SENATOR WOODHOUSE MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1383 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Oscarson were not present for the vote.)

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - YOUTH ALTERNATIVE PLACEMENT (101-3147)
BUDGET PAGE DHHS-DCFS-58**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3147, Youth Alternative Placement.

Ms. Hoppe said there was one major closing issue in BA 3147, youth camp enhancements, decision unit Enhancement (E) 275. The Executive Budget recommended county participation fees of \$4.1 million in fiscal year (FY) 2018 and \$3.2 million in FY 2019 for enhancements to the China Spring Youth Camp and Aurora Pines Girls Facility (CS/AP) in Douglas County. At the budget hearings, the Subcommittees were informed that the 16 counties did not agree to assessment increases that would be necessary to support the recommendation as reflected in The Executive Budget. The youth camp director indicated that CS/AP had been working with the counties to reduce the enhancement request by eliminating the facility improvements. Subsequent to the budget hearing, the Office of Finance, Office of the Governor, submitted budget amendment A171243147, which revised the CS/AP enhancement request to \$144,328 in FY 2018 and \$179,328 in FY 2019, supported entirely by county participation fees. The Division of Child and Family Services, Department of Health and Human Services (Division) and the CS/AP director confirmed that all 16 counties supported the increase reflected in the amended recommendation.

The Division indicated that the revised amounts recommended over the 2017-2019 biennium would address a projected salary deficit and an increase in the Douglas County cost-allocation. The Subcommittees inquired at the budget hearing whether the reduction to the enhancement request would result in a safety or security problem not being addressed at the camp. The CS/AP director indicated that over the past two years the camp had become compliant with the Prison Rape Elimination Act (PREA), received its certification, repaired many buildings, and improved infrastructure and security.

Ms. Hoppe related that provisions of PREA required staffing ratios at secure juvenile justice facilities of 1:8 during waking hours and 1:16 during sleeping hours, which must be in place by October 1, 2017. The 2013 Legislature approved additional funding to allow the youth camps to achieve staffing ratios of 1:10 during waking hours and 1:16 during sleeping hours as an intermediate step toward the PREA standards. According to CS/AP, the current staffing ratios remained at 1:10 during waking hours and 1:16 during sleeping hours.

However, in response to Fiscal Analysis Division staff inquiries, the CS/AP asserted, and the Division agreed, that it was not a secure juvenile facility as defined in PREA regulations. Therefore, the PREA ratios only applied to a facility that met the definition of secure juvenile facility and those ratios did not apply to CS/AP.

The Subcommittees asked the CS/AP director whether the current ratios were appropriate and considered safe, and the director indicated that the PREA Resource Center pronounced that the ratios were sufficient.

Chair Sprinkle called for questions from the Subcommittees.

Assemblywoman Titus stated that she wanted to go on record that although she supported this budget, she was concerned this was just a Band-Aid for this budget account. She said she would make a motion to approve this budget recommendation with disappointment that the Division was not receiving more funding.

Assemblywoman Carlton wanted to be clear that the State was providing its portion and it was the counties that had problems.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION, AS AMENDED, TO INCREASE THE CHINA SPRING/AURORA PINES YOUTH CAMP BUDGET BY \$144,328 IN FISCAL YEAR 2018 AND \$179,328 IN FISCAL YEAR 2019 TO ADDRESS A PROJECTED SALARY DEFICIT AND AN INCREASE IN THE DOUGLAS COUNTY COST-ALLOCATION FUNDED BY COUNTY PARTICIPATION FEES. FISCAL ANALYSIS DIVISION STAFF IS AUTHORIZED TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oscarson was not present for the vote.)

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - SUMMIT VIEW YOUTH CENTER (101-3148)
BUDGET PAGE DHHS-DCFS-60**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3148, Summit View Youth Center.

Ms. Hoppe said a discussion of the three major closing issues in BA 3148 began with decision unit Enhancement (E) 225, an increase in training expenditures. The Governor recommended State General Fund appropriations of \$25,986 in each year of the 2017-2019 biennium to increase training for Summit View Youth Center staff.

The actual FY 2016 training expenditures were \$28,872. If decision unit E-225 were approved, total authority for the 2017-2019 biennium would be \$54,808 per year, a 90 percent increase over actual FY 2016 training expenditures.

To provide a comparison for the Subcommittees, the training expenditures for a full-time-equivalent (FTE) position for each of the three facilities were: Summit View Youth Center, \$818; Caliente Youth Center, \$196; and Nevada Youth Training Center, \$435.

Fiscal Analysis Division staff asked why Summit View Youth Center would require higher training expenditures per FTE than the other two facilities and the Division of Child and Family Services (Division). Department of Health and Human Services responded that Summit View was the only facility with Peace Officers' Standards and Training-certified correctional officers. Ms. Hoppe said that the facility also had physical and mechanical features not included at the other two facilities. Additionally, the higher-risk profile of youth placed at Summit View required a more sophisticated response.

Of the additional training costs requested, the largest line item was \$21,651 for a Youth in Custody certificate program. This program was designed to help leaders provide or accelerate systemic change to improve outcomes for youth and train five upper-level management positions. The program focused on leadership culture, family engagement, youth assessment, treatment services, education, and reentry.

Ms. Hoppe said the Subcommittees were interested in how the knowledge acquired by management in the certificate program would be shared with all Summit View staff.

The Division indicated that would be done through changes in policies and procedures, and through hands-on training for the program changes.

SENATOR WOODHOUSE MOVED TO APPROVE STATE GENERAL FUND APPROPRIATIONS OF \$25,986 IN EACH YEAR OF THE BIENNIUM TO INCREASE STAFF TRAINING AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oscarson was not present for the vote.)

Ms. Hoppe said the second major closing issue in BA 3148 was staff uniforms and safety equipment in decision unit E-721. The Governor recommended State General Fund appropriations of \$60,281 over the biennium for staff uniforms and equipment. Fiscal Analysis Division staff noted that although The Executive Budget had included this item as an enhancement, all uniform and safety equipment items in this decision unit had been approved by the 2015 Legislature.

For uniforms, the agency requested short-sleeved shirts for all positions. For group supervisors, the request included a duty belt, handcuffs and case, flashlight and holder, and universal radio holder. For superintendents, head group supervisors, and correctional officers, the request included the aforementioned items plus a badge and holder.

At the budget hearing, Ms. Hoppe said the Subcommittees were interested in the appearance of the staff uniforms, and the Division indicated that a polo shirt with a facility logo on the chest was being used as well as a duty belt with the necessary equipment.

Fiscal Analysis Division staff had made technical adjustments to this decision unit to reflect corrections to the uniform schedule for replacement items. The technical adjustments reduced State General Fund appropriations by \$17,227, which would revise staff uniform and safety equipment expenditures to \$43,054 over the 2017-2019 biennium.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE STATE GENERAL FUND APPROPRIATIONS OF \$43,054, AS ADJUSTED, OVER THE 2017-2019 BIENNIUM FOR STAFF UNIFORMS AND SAFETY EQUIPMENT AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oscarson was not present for the vote.)

The third major closing issue in BA 3148 related to Appropriations Act back language for juvenile justice. The 2015 Legislature authorized back language in the Appropriations Act to allow the Division to transfer State General Fund appropriations between the three youth correctional facilities (Summit View Youth Center, Caliente Youth Center, and Nevada Youth Training Center) with the approval of the Interim Finance Committee (IFC). The Division requested the continuation of the back language in the Appropriations Act for the 2017-2019 biennium, which would provide flexibility for the agency to open and close cottages in response to judicial requests for minimum, medium, and maximum placements and flexibility to move staff and resources.

ASSEMBLYWOMAN CARLTON MOVED TO REAUTHORIZE FOR THE 2017-2019 BIENNIUM BACK LANGUAGE IN THE APPROPRIATIONS ACT THAT WOULD ALLOW THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO TRANSFER STATE GENERAL FUND APPROPRIATIONS BETWEEN THE THREE YOUTH CORRECTIONAL FACILITY BUDGETS WITH THE APPROVAL OF THE INTERIM FINANCE COMMITTEE.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oscarson was not present for the vote.)

Ms. Hoppe stated that in BA 1348 there were four other closing items. Items 2 and 3 were statewide decision units which were previously decided on by the money committees. The other two closing items were recommended by the Governor and appeared reasonable to Fiscal Analysis Division staff.

ASSEMBLYMAN FRIERSON MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 4 AS RECOMMENDED BY THE GOVERNOR, AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE ADJUSTMENTS TO CLOSING ITEMS 2 AND 3 CONSISTENT WITH THE COMMITTEES' ACTIONS REGARDING STATEWIDE DECISION UNITS IN BUDGET ACCOUNT 3148, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oscarson was not present for the vote.)

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - CALIENTE YOUTH CENTER (101-3179)
BUDGET PAGE DHHS-DCFS-66**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3179, Caliente Youth Center.

According to Ms. Hoppe, there were no major closing issues in BA 3179, but there were five other closing items. Fiscal Analysis Division staff noted that technical adjustments had been made in the base budget in item 1, and items 2 through 5 were recommended by the Governor and appeared reasonable to staff.

SENATOR WOODHOUSE MOVED TO APPROVE OTHER CLOSING ITEMS 2 THROUGH 5 IN BUDGET ACCOUNT 3179 AS RECOMMENDED BY THE GOVERNOR, ALONG WITH TECHNICAL ADJUSTMENTS MADE BY FISCAL ANALYSIS DIVISION STAFF IN OTHER CLOSING ITEM 1, AND AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - NEVADA YOUTH TRAINING CENTER (101-3259)
BUDGET PAGE DHHS-DCFS-71**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3259, Nevada Youth Training Center.

Ms. Hoppe said the next budget was BA 3259, Nevada Youth Training Center (NYTC). There were two major closing issues in this budget. The Governor recommended State General Funds of \$22,198 over the 2017-2019 biennium to increase staff travel funding. The agency indicated that historically the NYTC had been underfunded in the in-state travel category, with the result that in-state travel requests had not been considered and the budgeted amounts reserved for emergency purposes only. According to the agency, this recommendation would allow for a reasonable amount of travel to help foster an efficient and responsive staffing environment.

Fiscal Analysis Division staff noted that before the recent recession the training amount was approximately \$4,000 and had declined ever since. If this decision unit were approved as

recommended by Governor, the total authority in the in-state travel category, including base year expenditures, would be \$9,536 in fiscal year (FY) 2018 and \$13,902 in FY 2019.

The agency provided justifications for the trips for each of the positions. The Division of Child and Family Services, Department of Health and Human Services, indicated that many of the trips were meant to build rapport and increase teamwork throughout the Division.

During the budget hearing on March 23, 2017, the Subcommittees expressed concern about the level of additional travel recommended and directed the Division to work with Fiscal Analysis Division staff to reexamine the in-state travel request. The areas of concern for the Subcommittees included:

- The need for separate trips to Carson City and Reno, when these trips might be combined.
- The need for the NYTC superintendent and assistant superintendent to attend legislative hearings, which typically were attended by the Division's administrator or deputy administrators and could be viewed via the Internet.
- The need for the assistant superintendent to travel with the superintendent on all trips.
- Reducing the cost of in-person attendance by using communication tools, such as videoconferencing and Skype.

Following the budget hearing, Fiscal Analysis Division staff asked the Division to review the trips requested and indicate how the request could be revised to address the concerns of the Subcommittees. The Division responded with a proposal to reduce the travel request by \$2,385 to a total of \$19,813 over the 2017-2019 biennium, as compared with the \$22,198 recommended by the Governor.

Ms. Hoppe noted that the Division's only proposed reduction to the travel recommendation was the removal of two trips in FY 2019 for the assistant superintendent to attend legislative hearings. No additional changes had been suggested by the agency to address the other concerns noted by the Subcommittees.

Assemblywoman Carlton stated she was one of the persons who had some concerns about the travel funding, and she was pleased to see some adjustments had been made. She was still concerned that the travel that was eliminated involved attending legislative hearings, because she believed agency employees needed to participate in legislative hearings. Assemblywoman Carlton recommended, as had been done in other areas, to reduce the recommended amount of \$22,198 by 25 percent and allow the agency the choice of which meetings to attend.

Chair Sprinkle remarked that he had similar concerns during the budget hearing. He asked Assemblywoman Carlton whether the 25 percent reduction was for the overall amount or 25 percent for each year. He was considering 25 percent each year, and the Division could decide how it wanted to divide the travel per year.

Assemblywoman Carlton stated she would be comfortable with either plan.

Senator Kieckhefer commented that the real difference between the two years were the trips to Carson City for fiscal meetings and legislative hearings. He suggested that to reduce the funding, it would be necessary to choose which year to cut.

Chair Sprinkle referred back to the comment he made about a 25 percent cut from the budgeted amounts each year, and said the agency could decide how it wanted to use those dollars for travel.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE BIENNIAL AMOUNT OF \$22,198 FOR IN-STATE TRAVEL REDUCED BY 25 PERCENT FOR EACH YEAR OF THE BIENNIUM IN BUDGET ACCOUNT 3259 AND AUTHORIZE THE NEVADA YOUTH TRAINING CENTER, DIVISION OF CHILD AND FAMILY SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES, TO DETERMINE HOW THE TRAVEL DOLLARS WOULD BE USED.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Hoppe explained that major closing issue 2, additional training expenditures, decision unit E-226, was a request for \$26,723 of State General Fund appropriations in each year of the 2017-2019 biennium. Before the recession, the training budget was nearly \$40,000 and had since declined to approximately \$7,000 per year in FY 2016.

If this decision unit were approved, total authority in the training category, including base year expenditures, would be \$35,340 in each year of the 2017-2019 biennium. The agency noted that in FY 2008, the Division was asked to reduce the training budgets because of the economic downturn, and the agency had yet to recover from those reductions. Ms. Hoppe said the courses and subjects proposed for training in the upcoming biennium included Handle with Care, Shield of Care, Total Restraint, Change Company Group Facilitation, fiscal topics, and Red Cross cardiopulmonary resuscitation training.

At the budget hearing, the Subcommittees inquired about the effects of a reduced training budget for the NYTC since the economic downturn. The Division indicated that any time there was a reduction in training, the NYTC staff and youth were placed at greater risk for

something to go wrong and noted that training kept health and safety at a maximum level for youth.

Ms. Hoppe stated the agency had revised the recommendation to correct training travel costs to match the U.S. General Services Administration rates, as required in the *State Administrative Manual*. With the technical adjustments, the revised increase to training would be reduced to \$19,515 per year, which combined with base year expenditures, would bring total training funding to \$28,032 in each year of the 2017-2019 biennium.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE INCREASED FUNDING FOR STAFF TRAINING IN BUDGET ACCOUNT 3259 BY \$19,515, AS ADJUSTED, IN EACH YEAR OF THE 2017-2019 BIENNIUM AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Hoppe explained there were three other closing items in BA 3259, all of which appeared reasonable to Fiscal Analysis Division staff.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3259 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - YOUTH PAROLE SERVICES (101-3263)
BUDGET PAGE DHHS-DCFS-77**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3263, Youth Parole Services.

Ms. Hoppe stated the next budget account was Youth Parole Services and the one major closing issue was recommended funding of \$66,331 over the biennium for staff uniforms and youth parole safety equipment in decision unit Enhancement (E) 720.

Fiscal Analysis Division staff noted that this budget had been legislatively approved for officer safety equipment in the equipment category; however, the 2015 Legislature did not approve a recommendation to add staff uniforms.

Ms. Hoppe explained that the uniform recommendations were for short-sleeved shirts. For the equipment, some of the standard safety equipment for officers as well as a body armor vest were requested in this budget. The agency indicated that staff uniforms would increase safety and security both in and out of the office, as well as allow the agency staff to present themselves as professional among peers in the law enforcement setting.

At the March 23, 2017, budget hearing, the Subcommittees were interested in problems that the Youth Parole Services staff had experienced because of a lack of staff uniforms. The Division of Child and Family Services, Department of Health and Human Services, indicated there had been instances where parole officers engaging youth in a chase or arrest had been mistaken by the public as engaging in criminal activity. A rural jail refused entry to a parole officer, and a chase that ended on a casino floor was misinterpreted by casino security as an altercation between two patrons.

The agency reported that the recommended equipment items were standard issue for all peace officers according to known national standards. Because officer safety equipment that had been purchased in previous years might have useful life into the 2017-2019 biennium, Fiscal Analysis Division staff asked the agency to review the replacement cycle for these items. Because of this review, the agency indicated that the equipment request could be revised to purchase 14 body armor vests instead of the 34 vests recommended in the decision unit. With the technical adjustment included in this document, the revised staff uniform and officer safety equipment costs would be \$51,251 over the 2017-2019 biennium.

SENATOR DENIS MOVED TO APPROVE COSTS OF \$51,251, AS ADJUSTED, OVER THE 2017-2019 BIENNIUM IN BUDGET ACCOUNT 3263 FOR STAFF UNIFORM AND YOUTH PAROLE OFFICER SAFETY EQUIPMENT AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Hoppe stated there were nine other closing items in BA 3263 and items 2 and 3, budget amendments, had been submitted by the Office of Finance, Office of the Governor, both of which appeared reasonable to Fiscal Analysis Division staff.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3263 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**HEALTH AND HUMAN SERVICES
CHILD AND FAMILY SERVICES
HHS-DCFS - SOUTHERN NV CHILD & ADOLESCENT SERVICES (101-3646)
BUDGET PAGE DHHS-DCFS-96**

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3646, Southern Nevada Child and Adolescent Services.

Ms. Hoppe informed the Subcommittees that BA 3646 was the final budget for the Division of Child and Family Services (DCFS), Department of Health and Human Services. The Governor recommended closing the 58-bed Desert Willow Treatment Center (DWTC) facility and in its place operating a 10-bed acute unit and a 10-bed residential treatment unit, for a total of 20 beds, in building D (D-pod) at the Rawson-Neal Psychiatric Hospital. According to the agency, the recommendation was in response to declining census levels, an inability to maintain adequate staffing levels, and the availability of community providers that could provide acute hospitalizations and serve as a residential treatment center for children. Over the 2017-2019 biennium, this measure would reduce total expenditures by \$8 million, reduce State General Fund appropriations by \$3.2 million, and eliminate 52.98 full-time-equivalent (FTE) positions.

The Desert Willow facility was budgeted for 58 beds and was organized into five units. The agency reported that four of the five units were used in fiscal year (FY) 2016, and in FY 2017, only three units were being used.

At the Legislative Commission's Budget Subcommittee hearing on January 24, 2017, the DCFS presented the quarterly averages of clients served at DWTC over the past three fiscal years. Ms. Hoppe noted that the average census for the facility had steadily declined since the third quarter of FY 2015. In follow-up to the March 9, 2017, budget hearing, Fiscal Analysis Division staff asked for updated census information, and the DCFS provided the average daily census, per month, for FY 2017 through March 15, 2017.

During the April 28, 2017, closing of the Southern Nevada Adult Mental Health Services budget, the Subcommittees discussed the use of the 20-bed D-pod and whether it should be

used for adult capacity or as a 20-bed facility for adolescents in place of Desert Willow as recommended in The Executive Budget. Ultimately, the Subcommittees recommended that the 20-bed D-pod at Rawson-Neal Psychiatric Hospital be maintained as adult bed capacity in the 2017-2019 biennium. Ms. Hoppe said that unless the Subcommittees chose to change that decision, the Subcommittees had effectively determined that Desert Willow Treatment Center would continue to be operated by the agency.

The decision now before the Subcommittees was whether to reduce the operating capacity of Desert Willow from a 58-bed to a 20-bed facility. To make that transition, The Executive Budget recommended eliminating 52.98 full-time-equivalents or 55 total positions.

At the budget hearing, the DCFS testified that to determine which positions would be needed to successfully operate a reduced program of 20 beds, the DCFS considered licensing and ratio standards. Earlier this year, Fiscal Analysis Division staff noted that 39 of the 55 positions that would be eliminated were filled. Fiscal staff said payments for terminal, annual, sick, or compensatory leave balances were not included in the decision unit, nor were payments for potential Public Employees' Retirement System (PERS) buyouts. However, the agency maintained that the DCFS was assuming that most, if not all, of the incumbents would be moved into vacant positions within the DCFS or the Department of Health and Human Services (Department), if the decision unit were approved.

The DCFS further indicated it had held several town hall meetings with program staff and had committed to more meetings. The DCFS would assist affected staff in placing them in same or comparable positions within the DCFS or the Department if the decision unit were approved.

The DCFS intended for the reduced program to act as a safety net for youth who were uninsured or not accepted at other facilities in the community. The Subcommittees were concerned about how the DCFS would address any future demand. The DCFS indicated it would work closely with the family to assess the youth's needs, first exhausting all less-restrictive options, including services provided by the DCFS, such as clinical services, targeted case management, psychiatric services, and crisis services. The DCFS further committed to working on expanding community-based services. If necessary, there were residential beds in other facilities in Clark County, and the DCFS would partner with the family to access them.

The DCFS indicated that it could possibly lease part of the building to be occupied and used by another provider and reported that it was in discussions with FirstMed Health, which was a federally qualified health center. To qualify as such, an organization had to meet 19 federal requirements. These centers focused on low-income populations, accepted all patients regardless of ability to pay, and were eligible to receive increased Medicaid reimbursement rates.

Fiscal Analysis Division staff requested an update on the discussions with FirstMed Health and Wellness Center, and the DCFS reported that discussions were ongoing and would not be finalized until this budget was approved and closed. However, according to Ms. Hoppe, the intent was to establish a provider agreement with FirstMed Health with an emphasis on serving specific populations of youth in Clark County identified as currently being underserved.

Fiscal Analysis Division staff had included technical adjustments to this decision unit to correct the FTE status of an eliminated position, correct the psychiatrist position identified for elimination, add expenditure reductions for overtime, holiday pay, shift differential pay, and standby pay associated with the eliminated positions, and correct the expenditure reductions for contracted food costs. These technical adjustments resulted in additional State General Fund appropriations of \$53,340 over the 2017-2019 biennium.

Additionally, Fiscal Analysis Division staff noted that the Division of Enterprise Information Technology Services, Department of Administration, e-mail services for all divisionwide DCFS employees were budgeted in the Unified Nevada Information Technology for Youth (UNITY)/Statewide Automated Child Welfare Information System (SACWIS) budget, including the positions proposed to be eliminated in this decision unit.

Therefore, if the decision to reduce services to 20 beds was approved, Fiscal Analysis Division staff recommended removing e-mail services in the UNITY/SACWIS budget for positions that were eliminated in this budget.

In response to the Subcommittees' concerns, Fiscal Analysis Division staff asked the DCFS whether any changes would be required to this decision unit if 20 beds were retained within the Desert Willow Treatment Center (DWTC) facility instead of being moved to Rawson-Neal Psychiatric Hospital. The DCFS indicated that under this scenario it would be necessary to restore three full-time positions, two custodial workers, and one health information director, with building maintenance and utility costs. After technical adjustments noted earlier, Fiscal staff estimated that retaining 20 beds within the DWTC would require additional State General Fund appropriations of \$126,137 over the 2017-2019 biennium.

The DCFS maintained that if 20 beds were retained within the DWTC facility, 2 of the 5 DWTC units would be used to operate 8 acute beds and 12 residential beds. Ms. Hoppe said this scenario would leave 38 beds empty and available for an outside agency to operate under a provider agreement or contract.

SENATOR KIECKHEFER MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO OPERATE 20 BEDS AT RAWSON-NEAL PSYCHIATRIC HOSPITAL, BUT INSTEAD CONTINUE OPERATING 20 BEDS WITHIN THE DESERT WILLOW

TREATMENT CENTER FACILITY, LEAVING 38 BEDS EMPTY AND AVAILABLE FOR AN OUTSIDE AGENCY TO OPERATE UNDER A PROVIDER AGREEMENT OR CONTRACT. THIS DECISION WOULD REQUIRE THE RESTORATION OF THREE FULL-TIME POSITIONS AND BUILDING MAINTENANCE AND UTILITY COSTS AND WOULD DECREASE BUDGETED STATE GENERAL FUND APPROPRIATION SAVINGS TO \$3 MILLION, AS ADJUSTED, OVER THE 2017-2019 BIENNIUM. FISCAL ANALYSIS DIVISION STAFF IS AUTHORIZED TO MAKE TECHNICAL ADJUSTMENTS IN THE UNITY/SACWIS BUDGET TO REMOVE EMAIL SERVICES FOR ANY POSITIONS THAT WERE ELIMINATED IN THIS BUDGET.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Hoppe said there were three other closing items in this budget. Fiscal Analysis Division staff noted that technical adjustments were made to the base budget in other closing item 1. The other two recommendations were from the Governor and appeared reasonable to Fiscal staff. Ms. Hoppe recommended that other closing items 2 and 3 be closed as recommended by the Governor along with the technical adjustments made by staff in other closing item 1 and requested authority for Fiscal Analysis Division staff to make other technical adjustments as needed.

SENATOR DENIS MOVED TO APPROVE OTHER CLOSING ITEMS 2 AND 3 AS RECOMMENDED BY THE GOVERNOR, ALONG WITH THE TECHNICAL ADJUSTMENTS MADE BY STAFF IN OTHER CLOSING ITEM 1, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - WORKFORCE DEVELOPMENT (205-4770)
BUDGET PAGE DETR-46**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 4770, Workforce Development.

Ms. Crocket said there were nine Department of Employment, Training and Rehabilitation (DETR) budgets to be closed. The first budget was the Workforce Development budget,

BA 4770. The Governor recommended renaming this budget from the Employment Security budget to the Workforce Development budget and separating out the Unemployment Insurance (UI) program into a new budget. The Workforce Development budget would contain Employment Services (ES), which provided job training services and labor market information to employers and job seekers.

There were three major closing issues in BA 4770. The first major closing issue related to position eliminations. Because of projected reductions in federal unemployment insurance grant funding, the Governor recommended elimination of 20 permanent positions from the UI program on July 1, 2017, and a reduction of \$2.7 million in federal revenue over the upcoming biennium.

According to the State's personnel system, all of the positions were currently vacant, and 17 of the 20 positions had been vacant since October 2016 or earlier.

Ms. Crocket said DETR had indicated the number of positions recommended for elimination was determined based on the amount of federal funding that was expected to be available. The type of positions recommended for elimination were based on the agency's analysis of its workload, and DETR noted the new unemployment information system had come online, which had reduced the need for customer service staff.

The decreasing unemployment rate in the state had led to a reduction in initial claims for unemployment insurance benefits, which had led to a reduction in administrative funding provided by the federal government. To address the decreasing revenues, Ms. Crocket said 20 positions were recommended for elimination in this budget, and one additional position in the Research and Analysis Bureau was recommended for elimination. During the March 21, 2017, budget hearing, the Subcommittees asked whether DETR had sought other sources of funding to continue support for positions recommended for elimination, and DETR indicated that it was currently relying on funding transferred from the Special Fund to support its operations. However, the agency was unaware of other funding sources and did not seek State General Funds.

SENATOR DENIS MOVED TO APPROVE THE ELIMINATION OF TWENTY POSITIONS EFFECTIVE JULY 1, 2017, AS RECOMMENDED BY THE GOVERNOR, RESULTING IN A REDUCTION OF \$2.7 MILLION IN FEDERAL FUNDING OVER THE 2017-2019 BIENNIUM.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Crocket introduced the next major closing issue, which was related to the conversion of intermittent positions to permanent positions in decision unit Enhancement (E) 234 and

E-235. In an effort to improve staff retention rates and decrease turnover, the Governor recommended the cost-neutral conversion of 24 intermittent workforce service representative positions to permanent positions. The new positions were recommended to be made permanent July 1, 2017. These were federally funded positions and were recommended to support veterans services and provide services to UI benefit recipients in the Nevada JobConnect centers.

The DETR indicated that making positions permanent would reduce vacancies and improve staff retention and allow DETR to more fully use its federal grant funding.

For veterans services positions, the intermittent vacancy rate was 53 percent and the permanent position vacancy rate was 10 percent. For JobConnect positions, intermittent positions had a vacancy rate of 27 percent and permanent positions had a vacancy rate of 4 percent. The agency anticipated that making these positions permanent would reduce the vacancy rate.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE COST-NEUTRAL CONVERSION OF 24 INTERMITTENT WORKFORCE SERVICE REPRESENTATIVE POSITIONS TO PERMANENT POSITIONS EFFECTIVE JULY 1, 2017, AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 4770.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Crocket said the third major closing issue before the Subcommittees was contract legal services, decision unit E-233. The Governor recommended contract legal services to assist in managing the workload of the Unemployment Insurance Legal Section, funded with federal funds of \$240,000 over the biennium. The agency indicated this would support 100 hours of contracted services per month.

The Executive Budget indicated this decision unit would continue a current arrangement the agency had in place with a former staff member that was approved by the State Board of Examiners in 2016. The contractor would assist with the collection of debts through the bankruptcy process. The Legal Section was currently staffed with a senior attorney and a legal research assistant, and the agency stated a contracted service would allow better handling of its workload. In particular, the agency noted that fraudulent charges had been discharged in bankruptcy; however, fraudulent claims should not be discharged in bankruptcy. Ms. Crocket said because of lack of staffing, the agency had not been able to pursue those debts, and it estimated losses of approximately \$381,000 in judgments that had been dismissed through bankruptcy.

SENATOR WOODHOUSE MOVED TO APPROVE FEDERAL FUNDS OF \$240,000 OVER THE 2017-2019 BIENNIUM FOR CONTRACT LEGAL SERVICES IN BUDGET ACCOUNT 4770 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Crocket stated there were a number of other closing items in BA 4770, and Fiscal Analysis Division staff recommended closing items 1, 2, 4, 7, 8, and 9 be closed as recommended by the Governor, authorize Fiscal staff to make the technical adjustments noted for other closing items 3, 5, 6, and 12, and defer other closing items 10 and 11, and authorize Fiscal staff to make other technical adjustments as necessary.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE OTHER CLOSING ITEMS 1, 2, 4, 7, 8, AND 9 AS RECOMMENDED BY THE GOVERNOR, AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NOTED FOR OTHER CLOSING ITEMS 3, 5, 6, AND 12, DEFER OTHER CLOSING ITEMS 10 AND 11, AND AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - UNEMPLOYMENT INSURANCE (205-4772)
BUDGET PAGE DETR-67**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 4772, Unemployment Insurance.

Ms. Crocket stated that BA 4772 was a new budget recommended for the upcoming biennium. The major closing issue in this budget related to the separation of employment services and unemployment insurance programs. The Governor recommended separating these two programs into two budgets to provide fiscal transparency. Currently, the two programs were housed within the Employment Security Division budget, which was proposed to be renamed the Workforce Development budget.

To separate the Unemployment Insurance (UI) program into this new budget, 248 positions and costs totaling \$61.7 million over the biennium would transfer from the Workforce Development budget to BA 4772. According to the Department of Employment, Training

and Rehabilitation (DETR), the goals of the two programs were different, and separating the programs into two budgets would provide for transparency and improve and simplify accounting, budgeting, and fiscal management.

The DETR indicated there were no operational issues with its current programmatic structure, and separating out the programs into two budgets would be for accounting efficiencies. The DETR did not anticipate any operational effect and did not anticipate the job duties of any positions would change in the upcoming biennium.

Regarding reserves, Fiscal Analysis Division staff noted that an adjustment had been completed to locate reserves associated with funding sources transferring into this budget.

SENATOR DENIS MOVED TO APPROVE THE CREATION OF A NEW UNEMPLOYMENT INSURANCE BUDGET, ESTABLISHED THROUGH THE TRANSFER OF UNEMPLOYMENT INSURANCE-RELATED POSITIONS AND COSTS FROM THE WORKFORCE DEVELOPMENT BUDGET, AS RECOMMENDED BY THE GOVERNOR, WITH TECHNICAL ADJUSTMENTS TO INCLUDE RESERVES.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Araujo was not present for the vote.)

Ms. Crocket said there were two other closing items in BA 4772, and Fiscal Analysis Division staff recommended they be closed as recommended by the Governor with authority for staff to make technical adjustments as necessary.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 2 IN BUDGET ACCOUNT 4772 AS RECOMMENDED BY THE GOVERNOR, WITH AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Araujo was not present for the vote.)

EMPLOYMENT, TRAINING AND REHABILITATION
DETR - EMPLOYMENT SECURITY - SPECIAL FUND (235-4771)
BUDGET PAGE DETR-64

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 4771, Employment Security Special Fund.

Ms. Crocket stated there was one major closing issue in BA 4771 relating to the support of Unemployment Insurance (UI) administration. In the base budget, the Governor recommended transferring \$2.9 million over the upcoming biennium to the UI budget to support ongoing unemployment insurance administrative costs. Historically, transfers from this budget to support UI administration had been considered one-time in nature. At the March 21, 2017, budget hearing, the Department of Employment, Training and Rehabilitation (DETR) indicated that the intent to use funding for ongoing operational costs was established during the 2015 Legislative Session. However, it was Fiscal Analysis Division staff's understanding that this approval was to be one-time only, and the Subcommittees should consider funding for administration to be an enhancement.

The Special Fund budget was used to cover the costs of administering employment security laws that might not be charged against federal grants, and the fund was not intended to be used for ongoing support of UI administrative operations. However, in recent years, funding had been used to support UI operations. In fiscal year (FY) 2014, and continued by the 2015 Legislature, \$1.8 million was used to offset declines in federal UI administrative grant funding.

The transfer of funding during the 2015 Legislative Session was to be a temporary solution to allow the Employment Security Division (ESD) to decrease its operational costs while experiencing federal funding reductions. However, the recommended budget included a \$1.1 million increase over the amount approved by the Legislature in 2015. The DETR indicated, in response to Fiscal staff's questions, that the use of funds in this budget was anticipated not to extend beyond the current biennium.

Testimony by the ESD at the budget hearing indicated it was currently relying on funding from this budget to support its ongoing operations. Ms. Crocket said the funding transferred would support 14 positions over the upcoming biennium and represented approximately 5.6 percent of staff.

In addition to providing support for ongoing UI operations, funding in this budget was recommended to support operating, building maintenance, and information system maintenance costs. Ms. Crocket said expenditures were recommended to be \$2.7 million in each year of the upcoming biennium compared with \$1.9 million in revenues. Whenever expenditures exceeded revenues, the agency used its reserves to cover the difference.

The ending FY 2019 reserve in BA 4771 would be \$1.23 million, which was slightly below the agency's minimum stated target reserve of \$1.25 million.

Ms. Crocket explained that the FY 2019 reserve balance was lower than the minimum level stated by the agency, and annual expenditures in this budget were recommended to be approximately \$800,000 higher than revenues. She said the agency had to develop a plan to reduce its reliance on funding transferred from this budget to support its ongoing operations in the 2019-2021 biennium.

Chair Sprinkle called for comments or questions from the members and commented that he believed a letter of intent was important.

SENATOR WOODHOUSE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER FUNDING TOTALING \$2.9 MILLION OVER THE 2017-2019 BIENNIUM FROM BUDGET ACCOUNT 4771 TO THE EMPLOYMENT SECURITY DIVISION BUDGET TO SUPPORT THE ADMINISTRATION OF THE UNEMPLOYMENT INSURANCE PROGRAM ON A ONE-TIME BASIS AND RECOMMEND A LETTER OF INTENT DIRECTING THE EMPLOYMENT SECURITY DIVISION TO REMOVE THE ONE-TIME FUNDING FROM THE BASE BUDGETS AND ANY FUNDING ON ONGOING UNEMPLOYMENT INSURANCE (UI) OPERATIONS BE REQUESTED AS AN ENHANCEMENT IN THE 2019-2021 BIENNIUM BUDGET REQUEST. ADDITIONALLY, THE LETTER OF INTENT WOULD INDICATE THAT THE REBUILDING OF THE AGENCY'S RESERVES WAS A PRIORITY AND INSTRUCT THE AGENCY TO REPORT ON PROGRESS IN ELIMINATING RELIANCE ON TRANSFERS FROM THIS BUDGET TO SUPPORT ITS ROUTINE UI OPERATIONS BY JUNE 1, 2018.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Araujo was not present for the vote.)

Ms. Crocket said there was one other closing item, and Fiscal Analysis Division staff recommended approval as recommended by the Governor with authority for Fiscal staff to make technical adjustments as necessary.

SENATOR DENIS MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 4771 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Araujo was not present for the vote.)

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - ADMINISTRATION (101-3272)
BUDGET PAGE DETR-85**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3272, Administration.

Ms. Crocket informed the Subcommittees that the Administration budget contained two major closing issues with the first relating to a budget amendment to reorganize the Financial Management Unit. Subsequent to the budget hearing on March 21, 2017, the Fiscal Analysis Division received budget amendment A171783272, which recommended one new management analyst position and four position reclassifications to reorganize the Financial Management Unit to support the Department of Employment, Training and Rehabilitation's (DETR) reorganized structure. The reorganization was recommended to be funded with reserves totaling \$218,861 over the 2017-2019 biennium.

Although this request was not previously heard by the Subcommittees, Ms. Crocket said it was discussed at the April 18, 2017, Senate Committee on Finance and Assembly Committee on Ways and Means workforce development joint work session.

The DETR indicated the proposed reorganization would support the Governor's recommended workforce development restructuring in the state, streamline business processes by grouping together logical business functions, provide for succession planning and career paths within the Department, and increase efficiencies through staff cross-training. The DETR indicated that the effect on the Financial Management Unit resulting from the workforce development reorganization included the transfer of the Commission on Postsecondary Education from a separate agency to DETR, the establishment of a new Adult Basic Education budget within DETR, the proposed separation of the Employment Services and Unemployment Insurance programs into two budgets, and the establishment of the Office of Workforce Innovation (OWINN), Office of the Governor, which would receive funding transferred from DETR.

Currently, the Financial Management Unit was organized into two sections. One section oversaw accounting functions for the Rehabilitation Division and the other oversaw accounting functions for the Employment Security Division. Each of those sections also oversaw various operational tasks, and DETR wanted to separate those into one unit that oversaw operations and one unit that oversaw finance and accounting. The new position and the position reclassifications would support that reorganized unit. The DETR maintained

that in the current structure there were some challenges with cost-allocations that had resulted in errors that had negatively affected program decisions.

Ms. Crocket referred to the new management analyst position and said the agency indicated that position would primarily work on building DETR's biennial budget as well as provide financial forecasting and analysis, and grant analysis. Fiscal Analysis Division staff noted that 50 percent of the duties of the new position related to preparing DETR's biennial budget and the preponderance of work associated with this generally occurred from April to December in even-numbered years. It was unclear whether the workload was sufficient to justify a full-time position. In addition, the agency indicated that having a management analyst position would provide for succession planning, but the agency already had seven other management analyst positions. It was not clear that adding an eighth position would improve matters.

Ms. Crocket said there were four new position reclassifications requested that would cost \$46,937 over the biennium funded with reserve reductions. The reclassification of one management analyst to an administrative services officer was recommended, and the agency indicated this would provide for a career path within the agency. Ms. Crocket said this person would be responsible for managing budget and fiscal analysis as well as contracts and purchasing.

Ms. Crocket said the reclassification of one program officer to an accountant technician was recommended, and that person would perform accounting duties for the Rehabilitation Division. The reclassification of one supply technician to an administrative assistant was recommended, and the position would work on purchasing, contracting, and leasing functions. Finally, the reclassification of one accounting assistant to an accountant technician was recommended to provide additional support for the Rehabilitation Division accounting.

Ms. Crocket referred to the additional workload associated with the workforce development reorganization. As previously noted, one budget was approved for transfer to DETR, and that would acquire additional transaction processing, budget tracking, and monitoring, as well as budget preparation. With the creation of OWINN, there would be accounting transactions and a tracking process to transfer funding, which was primarily supported with funding transferred from DETR. In addition, the separation of the unemployment and employment services programs into two budgets would require additional accounting transactions to be processed. Ms. Crocket said it appeared there would be additional workload imposed on DETR.

With regard to reserves, the budget amendment proposed to fund the position and position reclassifications with reserves. The agency indicated that a 30-day reserve was ideal; however, with the budget amendment, reserves would equal 16 days. It appeared that an increase to cost-allocations would be required, and this would affect all other DETR budgets.

If the Subcommittees wished to approve the position reclassifications and not approve the new position, Fiscal Analysis Division staff calculated a reserve of 30 days in fiscal year (FY) 2018 and 28 days in FY 2019. Ms. Crocket said that would not require the cost-allocation to be reprocessed and would increase costs to other DETR budgets.

There were three options for consideration by the Subcommittees. The first would be to approve the budget amendment, which recommended one new management analyst position and the reclassification of four positions, funded with reserve funding of \$218,861 over the 2017-2019 biennium. Ms. Crocket said this option would necessitate a cost-allocation increase.

The second option would be not to approve the new management analyst position and approve the reclassification of four positions. Ms. Crocket said that option would be funded with reserve reductions of \$46,937 over the 2017-2019 biennium.

The third option would be not to approve budget amendment A171783272 as recommended by the Governor, including the one new position and the four reclassified positions.

Chair Sprinkle called for questions or comments from the members and commented that with all the information he had received from Fiscal Analysis Division staff and some of the decisions that were made in other subcommittees, he was leaning toward the second option. He was not seeing the need for an additional analyst position, but felt it was appropriate to approve the reclassifications. This option would also maintain a proper reserve balance.

ASSEMBLYWOMAN CARLTON MOVED TO NOT APPROVE ONE NEW MANAGEMENT ANALYST POSITION AND APPROVE THE RECLASSIFICATION OF FOUR POSITIONS FUNDED WITH RESERVE REDUCTIONS OF \$46,937 OVER THE 2017-2019 BIENNIUM IN BUDGET ACCOUNT 3272 AS RECOMMENDED IN BUDGET AMENDMENT A171783272.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Araujo was not present for the vote.)

Ms. Crocket said the other major closing issue was a new deputy director position in decision unit Enhancement (E) 225. The Governor recommended a new unclassified deputy director position for DETR to provide a structure that allowed more oversight of programmatic and administrative functions. The recommendation included various operating and travel costs and was funded with cost-allocation reimbursements totaling \$333,842 over the biennium. If approved, the new deputy director position would start July 1, 2017. According to DETR, the new position was not directly related to the proposed reorganization; however,

DETR indicated that a recommended pay decrease for the Employment Security Division administrator was contingent upon the approval of this new position. However, since that pay decrease was said to be contingent upon the reorganization, it appeared there was some relationship between the new deputy director and the reorganization.

Currently, the DETR had one deputy director who was responsible for oversight of all of the agency's administrative and program functions. Two deputy directors would allow one to oversee the Employment Security Division, the Bureau of Vocational Rehabilitation, and the Nevada Equal Rights Commission. The other deputy director would provide oversight for administrative services. Ms. Crocket explained that oversight of the Employment Security Division would include oversight of the Commission on Postsecondary Education. The Governor's recommended budget, as submitted, had also included adult basic education; however, as previously noted, that was not approved by the education subcommittees.

Ms. Crocket stated that the current deputy director would transition to overseeing administrative functions and the new deputy director would assume oversight of DETR's programmatic functions. The agency indicated the role of the DETR Director, which included determining strategic direction and setting priorities would not change.

The DETR indicated that two deputy directors would provide a more efficient structure and provide for greater emphasis on strategic initiatives and performance monitoring. From a programmatic perspective, DETR indicated the new deputy director position would increase the focus on strategic service delivery, performance measures, and areas for potential improvement.

With regard to administrative functions, Ms. Crocket said DETR indicated the position would provide for improved oversight and review of contracts, leases, and related items. Fiscal Analysis Division staff noted that DETR had two deputy director positions in the past, and the 2005 Legislature approved eliminating one deputy director position. The elimination of the position was a result of the declining federal administrative funding that accompanied the low unemployment rate at that time, which resulted in less support for agency operations. The DETR had only one deputy director position since that time.

The DETR indicated that the scope of the agency was such that one deputy director created an inefficient operating structure. Fiscal Analysis Division staff had looked at some other agencies throughout the state, and it did not appear there was a direct relationship between the size of an agency and the number of deputy directors the agency employed.

As discussed in relation to other budgets, DETR had been experiencing decreases in federal administrative funding because of a lower unemployment rate in the state. Ms. Crocket said there were various position eliminations that had been approved by the Subcommittees. The DETR indicated at the budget hearing that it was not considered ideal to be increasing administrative staff at a time when federal funding was declining; however, DETR thought it

was appropriate considering the various functions that were proposed to transfer into the agency.

Ms. Crocket referred to travel in the upcoming biennium, and said \$11,620 was recommended for the new deputy director, including \$7,950 in out-of-state travel for attendance at five conferences. In comparison, in FY 2016, this budget contained \$10,316 in out-of-state travel for 55 positions, and the recommended out-of-state travel for the deputy director position represented a 77 percent increase over the actual expenditures in FY 2016.

Ms. Crocket said there were a couple of options for consideration by the Subcommittees. The first option would be to approve the Governor's recommendation for one new unclassified deputy director position with the understanding that the final salary for the position would be determined by the money committees when the Pay Bill was considered. If the Subcommittees wished to approve the new position, they could also opt to approve the 77 percent increase in out-of-state travel costs or not approve the additional out-of-state travel costs. Ms. Crocket said the second option would be not to approve the Governor's recommendation for a new unclassified deputy director.

Chair Sprinkle called for questions or comments from the Subcommittees and stated he was not inclined to approve the new unclassified deputy director position.

Assemblywoman Carlton said she agreed with Chair Sprinkle. The position was eliminated in 2005, and now the Subcommittees were hearing that reserves were being used. The economic outlook was improving, and the reason for eliminating the position in 2005 was the low unemployment rate. Assemblywoman Carlton agreed that option 2 would be appropriate.

Senator Kieckhefer stated that if option 2 were the motion, he would not support it. He believed the Economic Forum was indicating that it was reasonable to expect an economic dip in the next couple of years. He further stated that staffing DETR with a reasonable level of leadership made sense, and he believed the agency had justified the position.

ASSEMBLYWOMAN CARLTON MOVED TO NOT APPROVE THE
GOVERNOR'S RECOMMENDATION FOR A NEW UNCLASSIFIED
DEPUTY DIRECTOR POSITION IN BUDGET ACCOUNT 3272.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Oscarson, and Titus
and Senator Kieckhefer voted no.)

Ms. Crocket said there were two other closing items in BA 3272, and Fiscal Analysis Division staff recommended other closing item 2 be closed as recommended by the Governor with authority for Fiscal staff to make technical adjustments for other closing item 1 and other technical adjustments as necessary.

SENATOR WOODHOUSE MOVED TO APPROVE OTHER CLOSING ITEM 2 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZED FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR OTHER CLOSING ITEM 1 AND OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - INFORMATION DEVELOPMENT AND PROCESSING (101-3274)
BUDGET PAGE DETR-91**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3274, Information Development and Processing.

Ms. Crocket said Fiscal Analysis Division staff was responsible for developing closing recommendations for this budget that had not previously been reviewed by the Subcommittees. She said this budget provided information technology (IT) services to the Department of Employment, Training and Rehabilitation (DETR).

There were three other closing items, which appeared to be reasonable, and Fiscal Analysis Division staff recommended that they be closed as recommended by the Governor with authority to make technical adjustments as necessary.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE OTHER CLOSING ITEMS 1, 2, AND 3 IN BUDGET ACCOUNT 3274 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - RESEARCH & ANALYSIS (101-3273)
BUDGET PAGE DETR-97**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3273, Research and Analysis.

Ms. Crocket stated the next budget was the Research and Analysis Bureau (Bureau), Department of Employment, Training and Rehabilitation (DETR). There were two major closing issues in this budget. The first related to the transition from the Nevada Career Information System to the Silver State Solutions System in decision unit Enhancement (E) 246. To reflect the transition away from the Nevada Career Information System to the new Silver State Solutions System, the Governor recommended reducing the Bureau's staffing by three positions to align with its projected workload in the upcoming biennium.

The Governor recommended eliminating one filled economist position and transferring out two positions, including one program officer to the Workforce Development budget and one administrative assistant to the Office of Workforce Innovation (OWINN), Office of the Governor. Ms. Crocket said the position elimination would generate cost savings of \$145,247 over the upcoming biennium, and the position transfers would transfer costs of \$271,552.

Ms. Crocket said the economist position was currently filled, but the agency did not anticipate a layoff because the incumbent could transfer to another position. The position was fully dedicated to providing services for the Nevada Career Information System, and those duties would no longer be necessary with the transition to Silver State Solutions System.

Ms. Crocket explained that the program officer position currently worked on marketing training and system troubleshooting of the Nevada Career Information System. In the Workforce Development budget, the program officer would perform similar duties for the Silver State Solutions System.

According to Ms. Crocket, the administrative assistant position was fully dedicated to supporting staff who worked on the Nevada Career Information System, and that position was no longer necessary.

Fiscal Analysis Division staff noted that the Senate Committee on Finance and the Assembly Committee on Ways and Means approved the transfer of the administrative assistant position to OWINN in closing budgets on May 12, 2017.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE ELIMINATING ONE ECONOMIST POSITION AND TRANSFERRING OUT ONE PROGRAM OFFICER POSITION TO THE WORKFORCE DEVELOPMENT BUDGET AND TRANSFERRING OUT ONE ADMINISTRATIVE ASSISTANT POSITION TO THE GOVERNOR'S OFFICE OF WORKFORCE INNOVATION IN BUDGET ACCOUNT 3273.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Frierson was not present for the vote.)

Ms. Crocket said the second major closing issue related to position elimination. The Governor recommended eliminating one filled statistician position because of a decline in federal administrative grant funding. Eliminating the position would result in a savings of \$156,330 over the 2017-2019 biennium. The DETR also indicated the layoff of this position would not occur because there was a vacant statistician position that the incumbent would assume. According to DETR, the statistician was part of a team who administered the quarterly census of the employment and wages program. The DETR had adjusted its workflow so the duties of the position being eliminated had been absorbed by other positions within the agency.

SENATOR WOODHOUSE MOVED TO APPROVE THE ELIMINATION OF ONE STATISTICIAN POSITION TO ALIGN EXPENDITURES WITH THE AMOUNT OF FEDERAL ADMINISTRATIVE GRANT FUNDING ANTICIPATED TO BE AVAILABLE IN THE 2017-2019 BIENNIUM IN BUDGET ACCOUNT 3273 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Frierson was not present for the vote.)

Ms. Crocket said in other closing items, Fiscal Analysis Division staff recommended closing items 2, 3, and 4 as recommended by the Governor and requested authority to make technical adjustments for item 1 with authority to make other technical adjustments as necessary.

ASSEMBLYWOMAN CARLTON MOVED TO CLOSE OTHER CLOSING ITEMS 2, 3, AND 4 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE THE TECHNICAL ADJUSTMENT NOTED IN OTHER CLOSING ITEM 1 AND OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 3273.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Oscarson were not present for the vote.)

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - EQUAL RIGHTS COMMISSION (101-2580)
BUDGET PAGE DETR-74**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 2580, Equal Rights Commission.

Ms. Crocket said the next budget before the Subcommittees, the Equal Rights Commission, was also a staff-closed budget, and the Subcommittees had not previously reviewed this budget. The Nevada Equal Rights Commission (NERC) oversaw the state's equal employment opportunity program. There were no major closing issues in this budget and three other closing items.

Fiscal Analysis Division staff recommended that closing items 1 and 2 be closed as recommended by the Governor, other closing item 3 be deferred, and with authority for Fiscal staff to make any other technical adjustments as necessary.

SENATOR WOODHOUSE MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 2 AND DEFER OTHER CLOSING ITEM 3 IN BUDGET ACCOUNT 2580 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Oscarson were not present for the vote.)

**EMPLOYMENT, TRAINING AND REHABILITATION
DETR - ADULT BASIC EDUCATION (205-4773)
BUDGET PAGE DETR-70**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 4773, Adult Basic Education.

The Executive Budget recommended establishing a new adult basic education budget in the Department of Employment, Training and Rehabilitation (DETR). As previously noted, in closing the continuing education budget on April 27, 2017, the K-12/Higher Education/CIP

budget Subcommittees recommended that the transfer of adult basic education programs from the Department of Education to DETR not be approved.

ASSEMBLYWOMAN CARLTON MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION FOR THE ESTABLISHMENT OF THE ADULT BASIC EDUCATION BUDGET AND THE TRANSFER OF THE ADULT BASIC EDUCATION AND ADULT LITERACY PROGRAMS FROM THE DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Oscarson were not present for the vote.)

ELECTED OFFICIALS

ELECTED OFFICIALS

NEVADA P20 WORKFORCE REPORTING (101-3270)

BUDGET PAGE ELECTED-92

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3270, Nevada P20 Workforce Reporting.

Ms. Crocket stated that budget account (BA) 3270 contained four major closing issues. The first major closing issue related to the transfer of the budget to the Office of Workforce Innovation (OWINN), Office of the Governor, as part of a statewide workforce development reorganization. The Executive Budget recommended transferring this budget and its one position from the Department of Employment, Training and Rehabilitation (DETR) to OWINN, which was a new budget in the 2017-2019 biennium.

The Senate Committee on Finance and the Assembly Committee on Ways and Means approved establishing OWINN on May 12, 2017. Senate Bill 516 (1st Reprint), which established OWINN in the Governor's Office, contained the following provisions relating to the Nevada P20 to Workforce Research (NPWR) data system housed within this budget:

- Transfers responsibility for overseeing and maintaining the NPRW system from the P20-W Advisory Council to OWINN.
- Specifies that OWINN would be responsible for collecting accurate educational data in the system to assist in improving the educational system and workforce training in the state.

- Requires DETR, Nevada System of Higher Education (NSHE), the Department of Motor Vehicles, and any other agency directed by the Governor to contribute educational system and workforce data to the NPWR system.

The rationale for transferring this budget was that in March 2016, the P20-W Advisory Council recommended a position within the Governor's Office to analyze data and make policy recommendations, and it appeared that the OWINN director would partially serve this function. This recommendation was supported by the interim Legislative Committee on Education.

Ms. Crocket said DETR indicated that locating the system with an agency in the Governor's Office would increase accountability and cooperation among agencies. She said it appeared that the system would produce reports integral to OWINN's role within the state workforce system, and OWINN would be a key stakeholder in the system going forward.

Fiscal Analysis Division staff noted a couple of technical adjustments to account for administrative support in this budget going forward, which would require General Fund appropriations of \$5,500 in each year of the 2017-2019 biennium. After considering these technical adjustments, the transfer of the budget would result in General Fund savings of \$23,997 over the upcoming biennium.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE NEVADA P20 WORKFORCE REPORTING BUDGET FROM THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION TO THE GOVERNOR'S OFFICE OF WORKFORCE INNOVATION, CONTINGENT UPON THE PASSAGE AND APPROVAL OF SENATE BILL 516 (1ST REPRINT) OR OTHER ENABLING LEGISLATION, WITH THE NOTED TECHNICAL ADJUSTMENTS.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Frierson and Senator Kieckhefer were not present for the vote.)

Ms. Crocket said the next major closing issue related to data partner planning shown in decision unit Enhancement (E) 250. The Governor recommended developing a plan to expand the NPWR system to include data from other entities to enhance data-driven decision making in the state. This decision unit would be funded with General Fund appropriations of \$500,000 over the biennium.

The agency indicated that data partner planning expenses were one-time in nature and would not be ongoing in future biennia. Fiscal Analysis Division staff asked the agency how the

cost of this decision unit was derived, and the agency estimated that onboarding the Department of Motor Vehicles data would cost \$30,000 over the biennium and the remaining \$470,000 was an estimate to target other partners and data requirements. However, Ms. Crocket said no price quotes or backup calculations were available to support the costs of this decision unit.

At the budget hearing on March 21, 2017, the Department of Employment, Training and Rehabilitation (DETR) mentioned that funding in this decision unit would provide for ongoing contracted technical support of the NPWR system. This was necessitated by the reclassification of an IT professional position, which would be discussed in major closing issue 3.

Ms. Crocket said DETR indicated that the cost of this ongoing technical support would be \$118,560 annually. The statement that there would be ongoing maintenance in this decision unit contradicted the previous statements regarding the purpose of this decision unit to fund a one-time planning cost.

Ms. Crocket addressed incorporating data into the NPWR system. In a March 2016 report, the P20-W Advisory Council recommended that the state begin to evaluate further data collaboration within the state and specified that a cost analysis should be included. The agency had identified three potential partners for data collaboration.

The first potential partner was the Department of Motor Vehicles (DMV), and DETR indicated that DMV data could assist in linking K-12 education data with workforce data for individuals who did not attend a Nevada System of Higher Education (NSHE) institution. Ms. Crocket said DETR indicated the Department of Education and DETR did not collect the same data points, so data could not be directly linked and compared. Currently, the system used NSHE data as a bridge between the K-12 and Workforce data for individuals who attended an NSHE institution. The DETR indicated that expanding data to include DMV would allow for data matching by using social security numbers. Fiscal Analysis Division staff asked DMV whether it had been involved with discussions regarding contributing data to the NPWR system, and DMV indicated that although discussions had taken place, DMV had determined it would be unable to provide data required for data matching with social security numbers because of federal regulations that would prevent the DMV from contributing full social security numbers. In a follow-up memo, the agency confirmed that the DMV could not contribute full social security numbers without violating federal Social Security Administration regulations.

Fiscal Analysis Division staff asked for a list of data elements that the DMV would contribute to the system. Ms. Crocket stated this list still included full social security numbers. The agency indicated that it might be possible for it to enter into an agreement with the Social Security Administration for data sharing; however, there was no estimated timeline at this point. The DETR indicated it could also partner with the Department of

Health and Human Services (DHHS), and the data could be used to analyze whether individuals who received social services through the DHHS had improved workforce and educational outcomes.

The DETR also had conversations with the Department of Corrections (DOC), and DOC data could be used to show linkage between educational workforce outcomes within the correctional system. Ms. Crocket noted that during the budget hearing, the Subcommittees expressed concerns with data privacy, and DHHS indicated that the system would not retain any personal data: it would just be collecting data to use as a matching component of the system.

Considering the conflicting information provided by DHHS regarding the purpose of this decision unit, Ms. Crocket said it was unclear whether the funding would be used for data partner planning, ongoing technical support, or some combination of both. If the Subcommittees wished to approve the funding, they might consider approving back language in the Appropriations Act to appropriate the \$500,000 in this decision unit to the Interim Finance Committee (IFC) Contingency Account and direct DETR to approach the IFC with a detailed plan for using the funding. Fiscal Analysis Division staff also noted that the Governor recommended placing the funding in this decision unit in the standard Statewide Longitudinal Data System (SLDS) category, which contained a number of costs associated with the system. Ms. Crocket said that if the Subcommittees wished to approve funding in this decision unit, it might be appropriate to place the funding in a special-use category.

Assemblywoman Carlton said she was concerned about the possibility of being able to do this. She still had concerns about the Social Security Administration regulations and being able to work out that problem. Assemblywoman Carlton was concerned about putting the \$500,000 aside because that would mean it would be fenced off and could not be used for anything else. If the Subcommittees did not approve the Governor's recommendation, but DETR got everything worked out, it could go to the IFC Contingency Account for those dollars. She said that way the money would not have to be fenced off, and if the plan did not work, those dollars could be used for something else.

Ms. Crocket said that was correct. The DETR would have access to the Contingency Account and could approach IFC for an allocation under the scenario Assemblywoman Carlton described.

Assemblywoman Carlton said that would be her preference because if the data partnering idea worked, she wanted DETR to be able to come back, but she did not want to set that money aside and have it sit all interim when there might be another use for it.

Chair Sprinkle said he agreed, and on top of everything else that had been said, the inconsistencies in some of the answers received about this funding gave him concern.

ASSEMBLYWOMAN CARLTON MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION FOR APPROPRIATIONS OF \$500,000 OVER THE 2017-2019 BIENNIUM IN BUDGET ACCOUNT 3270 FOR DATA PARTNER PLANNING IN A SEPARATE SPECIAL-USE CATEGORY, BUT ALLOW THE APPROPRIATE AGENCY TO ACCESS UP TO \$500,000 FROM THE INTERIM FINANCE COMMITTEE CONTINGENCY ACCOUNT IF PROBLEMS WITH THE USE OF SOCIAL SECURITY NUMBERS FOR DATA COLLECTION CAN BE RESOLVED.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Senator Kieckhefer was not present for the vote.)

Ms. Crocket said the next major closing issue related to a position reclassification in decision unit E-805. The Governor recommended reclassifying the existing classified IT professional position to a nonclassified policy analyst position. This would generate State General Fund savings totaling \$42,816 over the 2017-2019 biennium. The position reclassification was related to a recommendation from the P20-W Council. A position was recommended to act as a coordinator for the NPWR system to improve stakeholder and public engagement. The agency stated the reclassified position's duties would include coordinating with other state agencies that contributed data to the system, performing outreach activities, and overseeing efforts to integrate data from other entities as well as the production of reports. Fiscal Analysis Division staff noted that although the 2015 Legislature approved a new IT professional position for this budget, it had never been filled. The recommended annual salary for the policy analyst position would be \$69,718, which was equivalent to a grade 35 classified position.

Within the Office of Workforce Innovation, Office of the Governor, that budget was approved to have nonclassified staff, so it would also be appropriate to have a position in the budget be nonclassified.

SENATOR WOODHOUSE MOVED TO APPROVE RECLASSIFYING THE CLASSIFIED IT PROFESSIONAL POSITION TO A NONCLASSIFIED POLICY ANALYST POSITION IN BUDGET ACCOUNT 3270 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Kieckhefer was not present for the vote.)

Ms. Crocket said the final major closing issue related to enhanced business intelligence reporting and analytics in decision unit E-227. The Governor recommended replacing existing reporting capabilities with a commercial off-the-shelf enhanced business intelligence reporting and analytics tool, Tableau Server, to enhance data-driven decision making. This recommendation was funded with General Fund appropriations of \$269,522 over the biennium. Ms. Crocket said ongoing costs were estimated to be roughly \$63,000 annually. According to the Department of Employment, Training and Rehabilitation (DETR), the enhanced reporting and analytics tool would provide for enhanced data visualization and dynamic reporting. This was anticipated to provide insights into the state's education and workforce programs, which would foster data-driven decision making in the state. The DETR had indicated benefits that were expected to result in the following:

- Inform education and workforce policies through data.
- Provide insight into the trends shaping education and employment.
- Identify pathways for achieving successful outcomes in education and work.
- Improve understanding of workforce supply and demand.
- Guide students and graduates toward appropriate careers based on workforce needs.
- Prioritize education and training programs based on effectiveness in the workforce.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE GENERAL FUND APPROPRIATIONS OF \$269,522 OVER THE 2017-2019 BIENNIUM FOR AN ENHANCED BUSINESS INTELLIGENCE REPORTING AND ANALYTICS TOOL FOR THE NEVADA P20 TO WORKFORCE RESEARCH DATA SYSTEM AS RECOMMENDED BY THE GOVERNOR. FURTHER, OTHER CLOSING ITEMS 1 AND 4 BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY TO ADJUST OTHER CLOSING ITEM 3 IF NECESSARY BASED UPON ACTIONS TAKEN BY THE MONEY COMMITTEES ON MAY 15, 2017; REGARDING STATEWIDE DECISION UNITS AS RECOMMENDED BY FISCAL ANALYSIS DIVISION STAFF, APPROVE THE TECHNICAL ADJUSTMENT NOTED IN OTHER CLOSING ITEM 5 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING THOSE THAT MAY BE NECESSARY IN OTHER CLOSING ITEM 2.

SENATOR WOODHOUSE SECONDED THE MOTION.

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THE MOTION CARRIED. (Assemblyman Araujo and Senator Kieckhefer were not present for the vote.)

Chair Sprinkle called for public comment and, hearing none, closed public comment.

Chair Sprinkle adjourned the meeting at 10:05 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblyman Michael C. Sprinkle, Chair

DATE: _____

Senator Moises Denis, Chair

DATE: _____

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EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.