

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

**Seventy-ninth Session
April 18, 2017**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 8:07 a.m. on Tuesday, April 18, 2017, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Ben Kieckhefer
Senator Pete Goicoechea
Senator Becky Harris

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblyman Paul Anderson
Assemblyman Nelson Araujo
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblyman James Oscarson
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank

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Assemblywoman Robin L. Titus

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Jeff Ferguson, Senior Program Analyst
Leandra Copeland, Program Analyst
Cathy Crocket, Program Analyst
Adam Drost, Program Analyst
Cynthia Clampitt, Committee Secretary
Barbara Williams, Committee Secretary

OTHERS PRESENT:

Dennis A. Perea, Deputy Director, Department of Employment, Training and Rehabilitation
Don Soderberg, Director, Department of Employment, Training and Rehabilitation
Brett Barley, Deputy Superintendent for Student Achievement, Nevada Department of Education
Nancy Olsen, Adult Education Programs Supervisor, Nevada Department of Education
Manny Lamarre, Executive Director, Governor's Office of Workforce Innovation
Michael J. Willden, Chief of Staff, Office of the Governor
Kelly Wuest, Administrator, Commission on Postsecondary Education

CHAIR WOODHOUSE:

Today we are in work session to discuss the workforce development reorganization.

CATHY CROCKET (Program Analyst):

We have two issues up for discussion today. The first is the permanent establishment of the Office of Workforce Innovation (OWINN) and the second is a Statewide workforce development system reorganization.

Workforce development activities are conducted by multiple entities in the State. I will be summarizing the current workforce development structure for you. According to the Governor's Office, the current workforce is not adequately prepared for the modern economy. Challenges with the current workforce development governance structure include limited cooperation and coordination among entities resulting in segregated workforce development efforts and a lack of resources focused solely on workforce development.

The Governor's Office recommends a Statewide workforce development initiative that it believes will directly support the training and development of a competitive workforce comprised of Nevadans who are equipped with the skills, credentials and tools needed to meet the demands of the modern economy.

The Governor's Workforce Development Board (GWDB) brings together Nevada businesses and workers to shape strategies that best meet workforce needs in order to foster a healthy and growing economy in the State. The GWDB was established pursuant to the Workforce Investment Act of 1998 and reauthorized in the 2014 Workforce Innovation and Opportunity Act (WIOA). The Department of Employment, Training and Rehabilitation (DETR) director's office had been responsible for supporting the GWDB, however, that responsibility transitioned to OWINN through an executive order approved in March 2016.

The Board currently has 32 members. There is an Executive Committee of nine members which evaluates reports and makes recommendations to expedite the work of the GWDB. The major responsibilities of the GWDB include:

- Reviewing Statewide policies, programs and recommendations on actions to align workforce development programs.
- Developing recommendations for improving the workforce development system.
- Developing the Statewide workforce and labor market information system.
- Developing other policies and recommendations that will encourage and promote improvements to the workforce development system.
- Cooperating with the Governor's Office of Economic Development (GOED) in implementing the State Plan for Economic Development.
- Developing and implementing the State plan for WIOA.

The GWDB is required to establish Industry Sector Councils for industries that are identified to be essential to the State in order to identify job training opportunities and education programs that will meet the needs of the workforce. The current Industry Sector Councils are Aerospace and Defense, Health Care and Medical Services, Information Technology, Manufacturing and Logistics, Mining and Materials, Natural Resources, Construction, and Tourism, Gaming and Entertainment. The responsibility for supporting the Industry Sector Councils has also transitioned from DETR to OWINN.

Through its Employment Security budget, DETR provides an array of workforce development programs and services. This budget, proposed to be renamed the Workforce Development budget, is funded through federal funding and a 0.05 percent employer tax on wages. For the upcoming biennium, expenditures totaling \$117.5 million and 195 positions are recommended for workforce development activities within DETR. Of that, \$56.2 million would be transferred to support Local Workforce Development Boards (LWDB).

Workforce development programs within DETR are offered through Nevada JobConnect offices. There are ten offices throughout the State providing a one-stop concept that offers an array of job training, education and employment services. JobConnect offers federally funded employment services including employment assessment, counseling, job readiness workshops, resume assistance, short-term skill training and job referrals. Business customers receive recruitment assistance and access to hiring incentives.

JobConnect offices use employer tax-funded training and reemployment programs to provide job seekers with training designed to improve earning potential. There are also programs to assist veterans and vocational rehabilitation services.

At its April 4 meeting, the Interim Finance Committee (IFC) approved acceptance of the approximately \$1 million federal ApprenticeshipUSA grant. The grant will fund a Technical Readiness and Apprenticeship in Nevada program that will be managed by DETR.

Federal WIOA funding transferred from DETR supports Nevada's LWDBs, Workforce Connections and NevadaWorks. Workforce Connections serves Clark, Esmeralda, Lincoln and Nye Counties, and NevadaWorks serves the remaining

counties in the State. These offices are colocated with JobConnect offices and provide services to adults, dislocated workers and youth. They will be funded with \$56.2 million over the 2017-2019 biennium.

The Nevada P20 Workforce Reporting (NPWR) budget within DETR supports the centralized costs associated with maintaining Nevada's State Longitudinal Data System. The purpose of the NPWR system is to integrate education and workforce data to allow stakeholders to improve data-driven decision making. The primary stakeholders of the system include the Office of Science, Innovation and Technology (OSIT), Nevada Department of Education (NDE), Nevada System of Higher Education (NSHE) and DETR. The system is funded with \$2.2 million in General Fund appropriations over the 2017-2019 biennium and is currently located within DETR's reporting structure.

The State Apprenticeship Council is located within the Office of the Labor Commissioner and was established to oversee apprenticeships in Nevada. The Council registers apprenticeship programs.

The Adult Basic Education Program, located in NDE's Continuing Education budget, serves adults in the areas of English learning and basic skills that lead to a career pathway. The *Executive Budget* recommends funding totaling \$12.7 million, including General Fund appropriations of \$804,036 and WIOA, federal Title II funding of \$11.9 million.

The Commission on Postsecondary Education (CPE) is an independent State agency that sets policy, adopts regulations and grants licenses to operate private postsecondary institutions. They also develop a list of approved training programs for veterans. The CPE is funded in the 2017-2019 biennium with \$964,396, including General Fund appropriations of \$764,396 and federal funding of \$200,000.

The Division of Welfare and Supportive Services (DWSS) is primarily a social service agency, but they do provide education and training to individuals through the New Employees of Nevada and the Supplemental Nutrition Assistance Program Employment and Training program (SNAP E&T). These two programs provide basic and vocational skills for the purpose of helping individuals to overcome barriers to self-sufficiency. Participation in these

programs is generally a condition of eligibility for various social service programs.

Workforce Innovations for a New Nevada (WINN) was established in the 29th Special Session of the Legislature. Through the WINN program, GOED develops and implements programs that provide customized workforce development services including recruitment, assessment and training to companies that create and expand businesses in the State. The *Executive Budget* recommends General Fund appropriations of \$8 million for the WINN program.

The Office of Science, Innovation and Technology was created to support Science, Technology, Engineering and Math (STEM) education and workforce programs. The Office oversees STEM Challenge grants that provide for the creation of partnerships between industry and workforce training providers. This results in sustainable training programs that provide in-demand, industry-recognized STEM skills to recipients. The grants are recommended to be funded with General Fund appropriations totaling \$3.9 million over the 2017-2019 biennium.

CHAIR WOODHOUSE:

We have heard a summary of the various offices in the current workforce development structure. Are there any questions?

ASSEMBLYMAN SPRINKLE:

What was the initial impetus that created the GWDB in 1998?

CINDY JONES (Assembly Fiscal Analyst):

The responsibilities of the GWDB are similar to those of WIOA. There are additional encouragements in the new WIOA for additional partners to come to the table as part of the mandate.

ASSEMBLYMAN SPRINKLE:

What has changed since 1998 that we now have so many different entities that are trying to independently accomplish the same thing? Would the GWDB still be the fundamental oversight entity for all workforce development?

Ms. CROCKET:

The GWDB is tasked with general oversight of workforce development, but they do have a particular focus on programs funded through WIOA. Over the years, different needs have arisen. For example, during the 29th Special Session there was an identified need for an economic development training incentive, and the WINN program was established. When a need for STEM grants was identified, OSIT was established. There was a proliferation of various programs throughout different agencies, and there does not seem to be anyone other than the GWDB tasked with oversight.

Ms. JONES:

Federal requirements indicated that a workforce development board, or something of that nature, be created in each state for purposes of coordinating all these programs. Various representatives from some of these programs are required to be members of the board. Many of these programs have been in existence in their separate silos as long as I can recall, but their oversight is provided by the GWDB.

ASSEMBLYWOMAN CARLTON:

I remember conversations in the late 1990s regarding how segregated some of these plans were. The desire was to enable an individual, no matter what service they were looking for, to have a path toward workforce development. I was very involved with the Health Care Sector Council, and some of what we did worked very well. I am interested in trying to figure out how to bring together the pieces of the puzzle. I am still confused by some of the components, and I want to make sure that our front-line folks have the resources they need to provide services as well as a pathway to workforce development.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

What kind of services are we providing for our constituents? It appears to be a very fragmented framework that we have created. Now that the new WIOA is in place and demanding that we change things, I am really excited. It seems we are taking small steps; I wish we were taking bigger leaps. We still continue to work in silos, and we are not helping the people that we need to serve.

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If NDE, NSHE and DETR have been working, through NPWR, on integrating data since 2008, why are we are still working on it? We continue to see additional proposals on integrating data.

I also have to question the one-stop shops within DETR. The new federal law requires one brand for workforce development. We are not there yet, in my opinion. Our constituents do not know where to go to get help. I understood that the local boards were going to be our one brand, and all Nevadans would know that one brand is where they need to go to get help.

MS. CROCKET:

As regards the NPWR system history, they have been working on that for a number of years. There are still problems linking the NDE data with workforce data, if the secondary data is not there. Some of the money in the budget is proposed to resolve that. There is \$500,000 recommended in the 2017-2019 biennium to expand NPWR.

DENNIS A. PEREA (Deputy Director, Department of Employment, Training and Rehabilitation):

The system is running, and it is producing useful information. We have asked to include the Department of Motor Vehicles (DMV) to help clean up the matches between NDE, NSHE and the workforce system. We have also asked for funding for a reporting tool, that the three agencies agreed upon, to enable more efficient reporting.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Will the proposals you have put forth for the upcoming biennium complete the integration? If so, what is the timeline for that?

MR. PEREA:

The system has the capability of tying all State agencies together. Right now, it is NDE, NSHE and DETR. There has been talk of adding early childhood education to round out the data points. By adding DMV and cleaning up those matches, we will be integrated in this coming biennium. The system could do much more. Adding the Department of Corrections, the Department of Veterans Services, and the Department of Health and Human Services (DHHS) would compile more data points for even better integration and picture of the State.

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ASSEMBLYWOMAN BUSTAMANTE ADAMS:

What about the one brand federal requirement? When is that going to happen?

MR. PEREA:

The Workforce Innovation and Opportunity Act did envision a local design of the workforce system. We are in the process of working with the U.S. Department of Labor to have a consultant help us sort through some issues. The federal law envisions one operating model for all 50 states, but Nevada operates differently in certain programs. We will be working with our federal partners to figure out what is the best service delivery model for Nevada.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

When do you expect that to be completed? I am asking because our constituents are still fragmented and confused by the various agencies like JobConnect and the LWDBs. They think there are two different entities, and it should not be so confusing.

DON SODERBERG (Director, Department of Employment, Training and Rehabilitation):

There is no firm date. We have a plan from the southern Nevada board to move resources into a number of libraries over time. We are in discussions with them and with our federal partners to find a way to integrate the WIOA Title III portion of JobConnect into those locations. At the same time, we intend to maintain some of the bigger locations that give the full range of services. We have had discussions regarding plans to turn the North Las Vegas JobConnect into a full one-stop. If that model works well, it is my hope that we would do this in more locations in southern Nevada that have higher unemployment and economic issues. We do not have a commitment from the southern Nevada board that they will do this because of the cost. Currently having free rent in small locations throughout a number of libraries is economically efficient.

ASSEMBLYWOMAN CARLTON:

JobConnect is the brand, correct? I remember serving on the Governor's Workforce Investment Board, and the logo and marketing were debated back then. Are people having a hard time navigating the workforce development opportunities?

MR. SODERBERG:

You are correct. A lot of resources have been put into branding JobConnect. With the new Act, the federal government wants a more comprehensive brand. JobConnect will now be listed as a part of American Job Centers, which the federal government has told us is the new branding. JobConnect deals with a lot of customers. Some of the federal government's requirements are the antithesis of Nevada's regulatory requirements. We are working on it. Rebranding takes time. The first task is to create the centers where an individual can get all the services he or she needs. Then we need to develop a plan for branding so that everyone knows about it.

ASSEMBLYWOMAN CARLTON:

This is what I want to be careful about. Folks walk into JobConnect because they are looking for a job. Workforce development is about people who have jobs and want to upgrade their skills and enhance their earning potential. I do not want them to have to lose their job before they start looking to upgrade their skills. For example, when developing the system we have, we wanted folks who sought adult education because their literacy skills were lacking to have a path to workforce development following the class and get a better job.

Historically, we have often repeated cycles of breaking up goals and jobs, and then putting them back together. Then we do it again. How do we serve the folks who have jobs now, but whose jobs are going to disappear? I do not want people to have to lose their jobs before they come through the door. I am not sure if this pathway is actually going to work. I have been in the position in this building before of rearranging the chairs. I do not want to do that anymore. I want to put them where they belong so people know which door to go through to get to the right chair.

ASSEMBLYWOMAN DIAZ:

It looks like the adult basic education program is transitioning from NDE to DETR. I want to understand what this change means. I know currently the schools have the ability to provide adult education, especially English learning classes. I do not want to interrupt a process that is currently working. Will there be a loss in continuity? Will our constituents have a harder time knowing where to locate these services?

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BRETT BARLEY (Deputy Superintendent for Student Achievement, Nevada Department of Education):

At a high level, the goal is to keep kids with kids in the K-12 system and move adults to a unified adult-oriented system with DETR.

NANCY OLSEN (Adult Education Programs Supervisor, Nevada Department of Education):

Most of the programs at the local level are located at community colleges and nonprofits. In some cases, they are located in school districts. That will not change significantly, but we will have great opportunities for colocation with the one-stops or the comprehensive American Job Centers. We look at this as an opportunity for expansion.

ASSEMBLYWOMAN DIAZ:

In an effort to create one-stops, I do not want to see people lose accessibility to the programs they need in their communities. There are a lot of communities where transportation may be an obstacle to workforce development. Making changes for the convenience of the State may not be responsive to the needs of the public.

Ms. OLSEN:

Our program through the College of Southern Nevada has 23 different locations throughout the Las Vegas area. Accessibility will not change.

CHAIR WOODHOUSE:

We will now go to the first issue for this work session, OWINN.

Ms. CROCKET:

On March 16, 2016, Governor Sandoval issued Executive Order 2016-08, which established OWINN within the Office of the Governor. The order indicated that OWINN would be funded with federal WIOA funding until June 30, 2017.

At the IFC meeting on June 30, 2016, two work programs were approved to fund OWINN within the DETR Employment Security budget using \$327,333 in WIOA funding in fiscal year (FY) 2015-2016 and FY 2016-2017. Approved costs for OWINN, which currently reports directly to the Governor's Office, include three contract employees and associated operating costs. Testimony by the Governor's Office at the IFC meeting indicated that the intent of the

executive order was to establish the Office for the current biennium. At that time, it was unknown whether OWINN would continue beyond that time frame. Information provided by DETR indicated that the primary impetus for creating OWINN was to coordinate and facilitate collaboration between the multiple entities focused on workforce development in the State.

Since its inception, OWINN has:

- Planned and coordinated various sector council meetings.
- Published a report on in-demand occupations in collaboration with GOED and DETR.
- Supported NDE in its successful application for a \$2 million grant to enhance K-12 readiness.
- Conducted a statewide survey on barriers to training and employment for youth and young adults.
- Created an integrated career pathways framework which was supported by the Board of Regents and Board of Education through a joint resolution.
- Managed ApprenticeshipUSA grant funding awarded to DETR.

The *Executive Budget* recommends permanently establishing OWINN within the Governor's Office as the entity to drive a skilled, diverse and aligned workforce in Nevada by promoting collaboration and cooperation among all entities in the State promoting workforce development.

As discussed earlier, workforce development activities are conducted by multiple entities in the State, and the Governor's Office indicates the current governance structure results in lack of coordination among these entities. The 2014 passage of the new federal WIOA calls for closer collaboration between education and workforce programs and the alignment of workforce and economic development goals.

The Office would assume responsibility for overseeing the State's apprenticeship program, the State Apprenticeship Council and the NPWR system. The goals of OWINN are to address workforce needs through evidence-based strategies, develop career pathways, identify innovative workforce practices and recommend improvements in the allocation of workforce development funding.

According to the Governor's Office, the overarching goals of the State's workforce developments efforts are to prepare all K-12 students for college and career success, increase the number of Nevadans with a postsecondary credential or college degree and increase employment outcomes in training and credential programs. The Office would play a central role in implementing the Governor's workforce development strategies, which have been identified as:

- Enhancing leadership in the workforce development system.
- Aligning workforce development efforts to the State Economic Development Plan.
- Defining clear career pathways for K-12 students and adults.
- Centralizing State workforce programs for unemployed, underemployed and hard-to-serve populations.
- Enhancing local service delivery for one-stop programs.
- Building postsecondary institutional capacity in selected areas.
- Supporting State workforce grants and training incentive programs.

The responsibilities of OWINN are outlined in Senate Bill (S.B.) 516, which also includes statutory changes to transfer the Apprenticeship Council from the Department of Business and Industry to OWINN and to transfer the NPWR system to OWINN.

SENATE BILL 516: Revises provisions governing workforce innovation and apprenticeships. (BDR 53-913)

The responsibilities of the Office include to:

- Identify, recommend and implement policies related to workforce development.
- Work in coordination with GOED to establish workforce development and diversification goals.
- Provide support to the Governor's Office, the GWDB and Industry Sector Councils on workforce development matters.
- Define career pathways, identify priority pathways and discontinue pathways that do not meet defined criteria.
- Consult with the GWDB to identify credentials, workforce development programs and education.

- Review the status and structure of local workforce development areas in coordination with the Governor and the GWDB.
- Maintain and oversee the NPWR system.
- Collect and analyze data to assess student performance through employment to assist in improving the educational and workforce programs.
- Oversee the State Apprenticeship Council.
- Suggest improvements regarding allocation of workforce related funding.
- Apply for and administer grants.
- Provide biennial reports to the Governor and the Legislature on workforce development.

The Office would be established in a new budget within the Governor's Office, funded with General Fund appropriations of \$188,172 and federal WIOA funding transferred from DETR of \$839,710 over the 2017-2019 biennium. Additionally, the NPWR budget would be transferred from DETR to OWINN, including General Fund appropriations totaling \$2.2 million and one position over the biennium. A total of six nonclassified positions are recommended for OWINN and the NPWR budget, including an executive director, a State apprenticeship director, a senior economist, a program officer, an administrative assistant and a policy analyst. Committee members have received information regarding the recommended salaries for these positions.

Regarding OWINN and apprenticeships, the Governor recommends a new State apprenticeship director position and transferring the State Apprenticeship Council from Business and Industry to OWINN. Senate Bill 516 indicates the State apprenticeship director duties would include:

- Promoting apprenticeships through community-based outreach and public engagement.
- Assisting the Council in identifying opportunities to link the State's economic development and workforce development system.
- Approving and transmitting to the Council apprenticeship agreements which meet established standards.
- Issuing apprenticeship certificates of completion.

Fiscal staff would note the duties of the director and the State Apprenticeship Council appear to be primarily regulatory in nature as compared to the collaboration and coordination mission entrusted to OWINN.

Historically, DETR was responsible for supporting the GWDB and its Industry Sector Councils. This responsibility was assumed by OWINN through Executive Order 2016-08, and OWINN will continue this support in the upcoming biennium. There has been quite a bit of overlap between the responsibilities of the GWDB and OWINN. However, the GWDB has been primarily focused on WIOA, while OWINN has purview over a broader scope of workforce development activities.

With regard to OWINN and GOED, workforce development and economic development are closely linked. One of the objectives of GOED's 2012 State Plan for Economic Development is to increase opportunity through education and workforce development. Workforce development is regularly cited as a primary location driver for companies looking to locate in Nevada, as well as a primary factor limiting growth of existing Nevada companies. The Governor's Office of Economic Development directly participates in workforce development through its WINN program. The WINN program is primarily an economic development tool focused on the workforce training needs of specific employers.

Regarding OSIT, its main involvement with workforce development is through STEM Challenge grants. In its 2017 Strategic Plan, the Advisory Council on STEM, which oversees STEM Challenge grants, identified OWINN as a stakeholder in STEM-related activities. According to the Strategic Plan, OWINN would work with OSIT and other entities in promoting STEM education that aligns with the State's workforce needs.

In a March 2016 report, the P20-W Advisory Council, currently charged with overseeing the NPWR system, recommended a position within the Governor's Office that would promote effective pre-K to third grade education governance, analyze NPWR data and make policy recommendations. It appears that OWINN would serve this function in the upcoming biennium. The DETR has indicated locating NPWR in an agency in the Governor's Office would increase accountability and cooperation among agencies. The NPWR system produces

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data and reports that are integral to OWINN's role in aligning workforce activities throughout the State.

The *Executive Budget* does not contain performance measures to track the success of OWINN's workforce development activities other than apprenticeships. The Office has indicated its success would be measured by its ability to create career pathways, growth of career and technical education students engaged in high-demand pathways, increased collaboration across agencies, data infrastructure that is able to communicate the State's workforce needs and the alignment of workforce training with economic growth. However, baseline statistics and quantifiable goals for the 2017-2019 biennium have not been provided at this time.

ASSEMBLYWOMAN CARLTON:

I thought OWINN was going to be a resource to all of the various entities and act as a sort of clearinghouse. The information you have provided to Committee members makes it appear to be over many of the entities. Can you clarify?

MS. CROCKET:

The OWINN would not directly oversee these entities. It would be working in coordination with the GWDB and the Governor's Office to develop strategies in coordination with GOED and with input from the Industry Sector Councils. It would provide leadership and guidance to the various workforce development entities. The Office would be supplementing the GWDB, not replacing it.

ASSEMBLYWOMAN CARLTON:

Where are we putting OWINN in the grand scheme of things?

MS. CROCKET:

It will be located within the Governor's Office in a similar manner as GOED.

ASSEMBLYWOMAN CARLTON:

Then I would expect OWINN to be more of a satellite to the Governor's Office as opposed to a direct chain-of-command situation as indicated in the information. We need to know what we are actually creating.

CHAIR WOODHOUSE:

I understand OWINN is more of an administrative management office rather than one that produces a service.

Ms. CROCKET:

That is correct. The Office will not provide any direct services other than through the State Apprenticeship Council. Its role is primarily working with the Governor on Statewide workforce development strategies.

ASSEMBLYMAN SPRINKLE:

The information makes it look like a lot of the governance and oversight gets lost with this proposal. It would appear that OWINN will have a relationship with agencies such as DETR and NSHE, but no direct managerial duties.

Ms. CROCKET:

It is my understanding that is true under both the current structure and the proposed structure. Under the proposed organization, the NPWR system would have direct relationships with various State agencies for purposes of data collection and management.

ASSEMBLYMAN SPRINKLE:

Under the current organization, it appears the GWDB has direct governance over NDE and DETR. In the proposed organization, neither OWINN nor the GWDB have that governance. Can you explain the difference?

Ms. CROCKET:

Under the current structure, the GWDB has governance over agencies with WIOA funding including WIOA-funded activities in NDE and DETR, such as Adult Basic Education and the one-stop system. Under the proposed structure, it would have governance over these activities as well.

ASSEMBLYMAN SPRINKLE:

The proposed information looks like NDE has no role in the new structure.

Ms. CROCKET:

That is because Adult Basic Education is being moved to DETR under the new organization, leaving NDE's role solely contributing data to the NPWR system.

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ASSEMBLYWOMAN SPIEGEL:

Are DMV, NSHE and NDE only on the proposed organization for data reporting to the NPWR system?

Ms. CROCKET:

Yes, that is true as far as this discussion is concerned. The NSHE does play a large role in workforce development that we have not really discussed today due to the scope of what it does.

ASSEMBLYWOMAN SPIEGEL:

Do the divisions such as DETR and NSHE have direct accountability to anyone other than the Governor? It appears that each agency is siloed.

Ms. CROCKET:

Ultimately, the agencies are accountable to the Governor. They would be supplying data to the NPWR system, and OWINN would be suggesting strategies for workforce development.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Suppose an entity does not want to report to NPWR? How is that enforced?

Ms. CROCKET:

As part of the Governor's Office, OWINN would have the authority of the Governor behind them.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

If the State decided on a career pathway it wanted to develop, what happens if one of the State agencies declined to participate? Would OWINN have the ability to require participation?

Ms. CROCKET:

I believe the intent of placing OWINN in the Governor's Office is to establish that level of authority, similar to GOED.

CHAIR WOODHOUSE:

How are we going to measure success if we do not have the baseline statistics and quantifiable goals?

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MANNY LAMARRE (Executive Director, Governor's Office of Workforce Innovation):

We have been working on developing specific measures of success. We will expand the number of apprenticeship programs by 10 percent by 2019. We will increase the number of Nevadans with postsecondary credentials. We know currently that only 30 percent of Nevadans between the ages of 25 and 34 have postsecondary credentials. By 2025, 60 percent of Nevadans age 25 to 34 will have some form of postsecondary credentials. These are measurable, time-specific goals to which we will be answerable.

We have been challenged with the question: how do you articulate a cohesive goal as part of a team? We have been working through the kinks of this challenge to get more specific with our goals.

Regarding NPWR, we believe having a comprehensive data system will enable us to answer a host of questions. The important thing is knowing what the questions are. We had the Interim to work with a variety of stakeholders, including Legislators, to articulate their needs from the NPWR system. At the end of the day, NPWR should be able to gauge a program's effectiveness and success. We should be able to identify the top 10 or 15 programs that have been the most effective with the greatest return on investment. Until now, we have not had that ability.

ASSEMBLYWOMAN TITUS:

You say your goal is increasing the number of Nevadans with postsecondary credentials. Do you have a prediction about the number of jobs in Nevada in 2025 that will require such credentials?

MR. LAMARRE:

The National Skills Coalition looks at all jobs, and they just released the latest estimates specific to Nevada. Currently, 49 percent of jobs in the State are middle-skill jobs, which require more than a high school diploma but less than a four-year degree. The same organization estimates 55 percent to 60 percent of overall jobs in Nevada will be middle-skill jobs by 2025.

A second criteria is livable wage. Through the eight Industry Sector Councils, the GWDB identified the high-demand occupations that also pay a livable wage. It is estimated that 90 percent of these occupations require some form of

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postsecondary credential. Without this credential, Nevadans are essentially excluded from 90 percent of livable-wage jobs.

ASSEMBLYWOMAN CARLTON:

Please define postsecondary credential. There are other issues just getting people to the point where they can get postsecondary education.

MR. LAMARRE:

Postsecondary credential refers to anything beyond a high school diploma or equivalent that is recognized by industry. It can be a certification program, two-year degree or four-year degree.

ASSEMBLYWOMAN CARLTON:

We have a culinary training institute in southern Nevada that does an excellent job in helping students upgrade their skills. It is not an easy program, and there is a lot of commitment on the employer side as well. Would a certificate from a trade school like that be included in your postsecondary credential definition?

MR. LAMARRE:

Yes, if it is obtained beyond high school. The term "credential" can be used interchangeably to mean a certificate, certification or education degree such as associate or bachelor. We use the term frequently to dispel the commonly held misconception, especially by youth, that one must have a four-year degree to get a good job. There are many jobs that pay good wages with a certificate or associate degree.

The whole concept of workforce development is to upgrade skills. Economic development, as it relates to a state's per capita gross domestic product, is causally tied to postsecondary credentials. We need to get the message out, especially to young people, that the right certification or training program can qualify them for a well-paying job. Following through with that thought, this is a cost-efficient way to help people reduce their dependency on social services.

ASSEMBLYWOMAN CARLTON:

Is a high school diploma required?

MR. LAMARRE:

A postsecondary credential follows a high school diploma or the equivalent.

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ASSEMBLYMAN ANDERSON:

I wonder if someone from the Governor's Office could speak to the reorganization.

MICHAEL J. WILLDEN (Chief of Staff, Office of the Governor):

From the Governor's perspective, as we have looked at workforce development programs over the past year, we think several of them are in silos that do not work well together.

When I was at DHHS we had Temporary Assistance for Needy Families (TANF), SNAP E&T and the aging employment and training program, all elements of workforce development. Oftentimes it was difficult to align all those programs. As the Governor started to build the *Executive Budget*, we thought at first we would put all the workforce development programs in one department. Looking further, we decided that we probably had to break it down into steps. Hence the concept of OWINN was created.

Last June the IFC approved the first year's plan to have a coordinating office. We looked to OWINN to aggregate data and become the coordinating agency for the GWDB. We reorganized the GWDB to focus on what we identified as the "new Nevada" workforce priorities. The Office will only have direct authority over some functions the State Apprenticeship Council, the NPWR system and the GWDB. Additionally, it has overall coordinating activities for all the other silos regarding workforce development that exist in other State agencies.

I believe that one of the next steps will be having all these programs come under one department. We looked at doing that in this budget process, but we just could not get there in this budget.

One of the most important results of the reorganization is the ability to coordinate and look at data. The goal of the NPWR system is getting additional players participating in data collection. We recently had a problem on data coordination between DHHS and DETR, and that is exactly the sort of problem we can address with NPWR under OWINN.

ASSEMBLYWOMAN CARLTON:

Your use of the term coordinating is extremely helpful in envisioning what OWINN will do. I want to make sure that, if we put it all in one place, there are

still multiple ways to get there. There cannot be just one path to access resources.

We know that folks may approach DWSS. They have a certain set of needs, but workforce development could help them as well. It sounds to me that you do not want to limit the pathways to get there but to have a central hub that everyone is aiming for.

MR. WILLDEN:

That is correct. I do not ever envision that a welfare recipient, using your example, is not going to be able to get employment and training services at a welfare office. We want multiple points of entry, but we want them to be coordinated across the spectrum. One-stop shop does not mean there is only one place to go. It means that all services should be available at multiple points.

ASSEMBLYWOMAN CARLTON:

We need to get that information out there. People only go to JobConnect when they are looking for a job. We want them to understand they can go there to explore career pathways and upgrade their skills.

ASSEMBLYMAN SPRINKLE:

You mentioned that the agency silos have been a problem in the past. What oversight will OWINN have over these current silos? What will the relationship be between OWINN and the GWDB? Is not the coordination we are talking about what the GWDB should have been doing since 1998?

MR. WILLDEN:

Yes, I believe the GWDB should have had a stronger oversight role. I have served on the Board at various times. Unless you have a coordinating oversight staff, I am not sure the various agencies under the workforce development system will do what the GWDB recommends.

When I was at DHHS, I do not think that TANF got the attention that it needed. The TANF population is more difficult to serve than some other types of populations. As we move forward, all populations need to be served. Individuals with disabilities and senior programs have received less attention than some of the other programs. We want to serve everyone. The Governor feels we can improve services with the strong coordinating oversight of OWINN.

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ASSEMBLYMAN SPRINKLE:

We keep using the word coordination, but do you foresee OWINN having more direct control and enforcement ability?

MR. WILLDEN:

I foresee that OWINN will have enforcement ability. The Governor and I still have direct authority over the departments. There will be a better alignment of programs going forward in the second step of this process. We have eight or more different programs in three or four different agencies, and aligning these is the next step. Having OWINN review that over the upcoming biennium will lead to a more concrete plan.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

We have talked a lot about the concept of workforce development. I am trying to get a clear picture of the implementation pieces of this plan. You referred to a data disconnect between two agencies. Could you talk about that a little more to help us understand the upstream goals for the data?

MR. WILLDEN:

Recently, as we have been analyzing the potential consequences of repeal and replacement of the Affordable Care Act at the federal level, there has been a lot of discussion regarding additional workforce requirements and programs for the able-bodied Medicaid population. We had a need to analyze the population and determine who was in it, their employment status and how employable they were.

The two divisions, DETR and DHHS, went back and forth on data requests for quite some time trying to answer these questions. Quite frankly, it was a little embarrassing to not have that data right at our fingertips. We worked through the issue, but it took coordination and multiple tries.

Ultimately, we discovered that we definitely do have underemployed individuals that need more attention. It is critical that everyone who can contribute to the NPWR database does, so we can make employment decisions in a timely fashion and move resources to where they are needed.

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ASSEMBLYWOMAN BUSTAMANTE ADAMS:

You said this is a first step and then there will be a second step in the next session, perhaps, to bring more entities under OWINN. Is that the last step, or are there additional steps in the overall strategy?

MR. WILLDEN:

I think there will always be additional steps. The hardest step is knowing what to do with our front-line programs. Taking a hard look at TANF, SNAP E&T, senior services and DETR workforce programs, and making sure we have very common alignment across those programs is critical. We have been at this a long time, and I believe there will always be evolution and changes.

Years ago, we moved TANF to DETR to run the program. It did not work well. It likely was because we did not have the resources in place to enable it to work well. A lot has changed since then regarding work requirements and participation of recipients. With careful thought processes regarding alignment, I think we can make it work better.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Right now my constituents do get sent to other entities when they are seeking services for various reasons. Local transportation in the lower income areas is a problem. I hope we can do better and avoid problems of this nature. That is my vision, and I appreciate the effort to make it possible for all Nevadans.

CHAIR WOODHOUSE:

Please review for the Committees the decisions to be made at closing.

MS. CROCKET:

At closing, the decisions to be made will be whether to approve permanently establishing OWINN. If OWINN is permanently established, should it be a separate entity within the Governor's Office; or established within a different agency like DETR or combined with OSIT?

Another decision to be made is whether OWINN should be the entity that oversees apprenticeships in the State through approving a new State apprenticeship director for OWINN and transferring the State Apprenticeship Council from the Office of the Labor Commissioner. Finally, the decision must

be made whether to approve the transfer of the NPWR system from DETR to OWINN.

CHAIR WOODHOUSE:

Please summarize for us the second issue of the workforce development system reorganization, which we have already discussed briefly.

Ms. CROCKET:

The Governor recommends a reorganization involving multiple State agencies to support a Statewide workforce development initiative that will directly support the training and development of a competitive workforce. The first element of the reorganization is the establishment of OWINN.

The next element is transferring certain postsecondary educational programs to DETR as well as changes within DETR. As previously discussed, the workforce development strategy is to centralize State workforce programs for unemployed, underemployed and hard-to-serve populations. The Commission of Postsecondary Education and Adult Basic Education programs are recommended to transfer to DETR to accomplish this.

Currently, the Employment Service and Unemployment Insurance programs are funded in the Employment Security Division (ESD) budget. The Governor recommends a cost-neutral separation of the two programs and creation of a new budget for the Unemployment Insurance (UI) program. Employment Service programs would remain in the existing ESD budget, but the budget would be renamed Workforce Development. The recommendation would transfer 248 positions and expenditures totaling \$61.7 million over the 2017-2019 biennium into the new UI budget. The Agency indicates this recommendation is for fiscal transparency and administrative purposes; it would not impact the services delivered.

Within the Workforce Development budget, \$117.5 million and 195 positions would remain in that budget in the upcoming biennium. The UI budget naturally includes the various UI benefits, contributions and appeals. The Workforce Development budget would contain employment services, career enhancement programs and various other workforce development activities.

Another item involved in the reorganization is a new deputy director in the DETR Administration budget. Currently, the department has one deputy director who is responsible for oversight of all the Agency's administrative and programmatic functions. The new deputy director position would provide a total of two for the department, one for oversight of various programs, including the newly transferred Adult Basic Education and CPE, and the other for administrative oversight.

The Agency has indicated that two deputy directors would provide a more efficient structure and greater emphasis on strategic initiatives and performance monitoring. The position and associated operating costs would be funded with cost allocation reimbursements totaling \$333,842 over the 2017-2019 biennium. The recommended annual salary is \$120,564, which is equivalent to the salary of the existing deputy director.

Subsequent to the March 21 hearing for the DETR Administration budget, the Fiscal Analysis Division received a budget amendment to reorganize DETR's Financial Management Unit to support the Department's reorganized structure. The Agency states the reorganization would more appropriately align business functions and provide a career path for DETR staff. The reorganization, which is recommended to be funded with cost allocation reserves totaling \$218,861 over the 2017-2019 biennium, includes one new management analyst position and the reclassification of four other positions to provide for additional analytical and accounting support for DETR.

The Governor recommends the creation of a new DETR budget for Adult Basic Education to be established through a partial transfer from NDE's Continuing Education budget as previously discussed. The *Executive Budget* recommends transferring funding totaling \$12.7 million over the 2017-2019 biennium, including federal WIOA, Title II funding of \$11.9 million and General Fund appropriations of \$804,036. This funding is granted to educational and community-based organizations. There are no direct services provided. There would be a cost allocation increase of \$10,178 associated with locating Adult Basic Education within DETR. This would result in a corresponding reduction in grants. The cost allocation amount may increase at closing.

The Governor recommends the transfer of the CPE and its four positions to DETR's Employment Security Division. The CPE is currently an independent

agency that licenses private postsecondary institutions. According to DETR, the Department maintains an eligible training provider list required by WIOA. Since the CPE ensures institutions on this list are appropriately licensed, the CPE indicates the process of including providers on this list could be streamlined. In addition, WIOA requires DETR to develop career pathways for individuals, and the CPE indicates the transfer would provide institutions licensed by the CPE a stronger voice in the development of those pathways. This transfer would require an additional \$125,656 cost allocation over the 2017-2019 biennium.

Assembly Bill 484 would effect the transfer of the CPE to DETR. Committee members have received a summary of the fiscal impact of the Governor's reorganization. There would be a total of six new positions and additional funding required of \$1,464,715 over the 2017-2019 biennium, including \$256,408 from the General Fund.

ASSEMBLY BILL 484: Revises provisions relating to the Commission on Postsecondary Education. (BDR 34-912)

ASSEMBLYWOMAN CARLTON:

I have a question regarding the separation of the ESD and UI budgets. The UI side of the equation affects our constituents when they lose their jobs. If these two are separated, will individuals only receive services from one side?

MS. CROCKET:

The Agency has indicated there will be no operational change in the way business is conducted by staff. This is merely a budgetary change to allow them accounting transparency and the use of different funding streams.

ASSEMBLYWOMAN CARLTON:

So this is just a paper change?

MS. CROCKET:

That is what the Agency has indicated.

ASSEMBLYWOMAN CARLTON:

They have asked for additional positions. Is that part of this separation of budgets, or is it handled elsewhere?

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Ms. CROCKET:

The additional positions are funded separately.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Are these two unique populations?

Ms. JONES:

The populations overlap quite a bit. The idea is that employment services are provided to those who are unemployed and seeking reemployment. As an integral part of the unemployment system, through a variety of different programs that seek to ensure people are connected to the workforce, individuals do interact with both sides. The customers interact with both sides by applying for and receiving unemployment insurance benefits and securing job services through the workforce development side of the Agency.

ASSEMBLYWOMAN CARLTON:

Are the new positions that are being asked for on the workforce side?

Ms. CROCKET:

The new positions are located in the DETR Administration budget and would provide guidance in both areas.

ASSEMBLYWOMAN CARLTON:

I have been through a couple of cycles in my time. When unemployment is low, we cut back on positions. When we had our economic downturn, we had to ramp up positions very quickly. We are growing out of the recession now, so these position increases seem counter-cyclical. Why are we asking for more administrative positions?

Ms. CROCKET:

You are correct on the cyclical nature of the federal funding. The Department is proposing to eliminate 20 front-line positions while expanding their administrative unit.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

The transfer in Adult Basic Education seems to be the biggest budget piece being moved. With the goal of better leveraging these dollars in service to constituents, I would like to understand what \$12.2 million dollars has been

getting us in services, and what changes would occur by transferring it to DETR.

Ms. CROCKET:

These are funds that are granted out to community organizations.

Ms. OLSEN:

The \$12.2 million is for the biennium. In FY 2015-2016, we served 9,172 individuals. That count includes only those individuals who received a minimum of 12 hours of services.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Would DETR maintain the relationships with those community providers, or will there be a functional change in how those dollars are allocated?

Ms. OLSEN:

The majority of those dollars are allocated under federally mandated guidelines. A minimum of 82.5 percent of the dollars go to local programs. We are currently in the process of a competition for those funds.

ASSEMBLYWOMAN SPIEGEL:

With this change, what happens if a private postsecondary institution wants to develop a program that is not in line with our workforce needs? Could there be an emerging industry that may not yet be identified by the State? How would the State look at granting licenses for programs that were not aligned with DETR's current priorities?

Ms. CROCKET:

That would be handled by the CPE. The Commission sets policy and adopts regulations regarding granting licenses to postsecondary institutions.

ASSEMBLYWOMAN SPIEGEL:

But under the proposal, the CPE would not be independent. How would they handle licensing that did not align with DETR's identified workforce needs?

Ms. CROCKET:

The Agency has indicated WIOA requires the creation of career pathways. The Commission has indicated that the transfer of CPE to DETR would give them a

greater voice in defining those pathways. The CPE would not lose its ability to license entities focused on other career pathways.

KELLY WUEST (Administrator, Commission on Postsecondary Education):

Any entity can apply for a license if they meet certain criteria of a postsecondary institution. Postsecondary credentials can be broadly defined, as was discussed earlier. Applicants choose the programs to which they apply. The job of the Commission is to determine the workforce needs and benefits to the students. There is the possibility that if an entity wanted to do a program from which the CPE saw no benefit, the Commission could deny it. The seven Commissioners make that decision.

As staff, we make recommendations as to the future workforce needs. Our alignment with DETR will actually help us in that role.

ASSEMBLYWOMAN CARLTON:

What is the fiscal impact to NDE of the transfer of Adult Basic Education and English Learner programs? Would not NDE lose the administrative costs of the program?

MS. CROCKET:

The NDE uses an indirect cost rate to recover their costs, which would total \$52,339 over the upcoming biennium if the program stayed in NDE. Fiscal staff analyzed the education budgets and determined there would be no impact to other NDE budgets if this cost was removed. They did not anticipate that other budgets would have to contribute additional funding.

Within DETR, the cost allocation would be \$62,517. The difference of \$10,178 would be absorbed by a reduction in grant services.

ASSEMBLYWOMAN CARLTON:

That would be a reduction in the grants that go to community providers. Then we layer on potential salary increases which would increase the cost allocation and further erode the grant services. Did I get that right?

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Ms. CROCKET:

That is correct. The budget amendment related to the DETR Administration reorganization, which is funded out of reserves, could cause the cost allocation amount to increase.

ASSEMBLYWOMAN CARLTON:

I do not think anyone wants to lower the community grant amounts. We want the money to get to them, but we want to figure out the best way to accomplish that.

CHAIR WOODHOUSE:

Please summarize the closing decisions for us.

Ms. CROCKET:

At closing, the Committees must decide whether to approve DETR's recommended internal reorganization, including adding one additional deputy director, reorganizing the Financial Management Unit, and separating the Employment Services and Unemployment Insurance program budgets. The second decision involves whether to approve transferring the Commission on Postsecondary Education to DETR. The final decision involves whether to approve transferring Adult Basic Education programs from the Department of Education to DETR.

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CHAIR WOODHOUSE:

We will now go to public comment. Seeing none, this meeting is adjourned at 10:16 a.m.

RESPECTFULLY SUBMITTED:

Barbara Williams,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

Assemblywoman Maggie Carlton, Chair

DATE: _____

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EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster