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

Eighty-Third Session
February 18, 2025

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 Erica Mosca at 8:03 a.m. on Tuesday, February 18, 2025, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 2 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, 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/83rd2025. Link to Executive Budget.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblymember Erica Mosca, Chair
Assemblymember Daniele Monroe-Moreno, Vice Chair
Assemblymember Tracy Brown-May
Assemblymember Jill Dickman
Assemblymember Gregory T. Hafen II
Assemblymember Brian Hibbetts
Assemblymember Sandra Jauregui
Assemblymember Steve Yeager

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Rochelle T. Nguyen, Chair
Senator Nicole J. Cannizzaro
Senator Marilyn Dondero Loop
Senator Jeff Stone
Senator Robin L. Titus

SUBCOMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Adam Drost, Principal Deputy Fiscal Analyst
Colby Nichols, Program Analyst
Julie Waller, Principal Deputy Fiscal Analyst
Joi Guthrie, Committee Manager
Natalia Jordan, Committee Manager
Jake Matthews, Committee Secretary
Lisa McAlister, Committee Assistant

OTHERS PRESENT:

Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services
Kelly Cantrelle, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services
Marni Whalen, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services
Lisa Swearingen, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services
Sabrina Schnur, representing Wonderschool

Chair Mosca:
[Roll was taken. Rules and protocol were explained.] We will hear five budgets. I will invite Robert Thompson, Administrator for the Division of Social Services, Department of Health and Human Services up to the table with fellow presenters.

Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
Our mission statement has not changed [page 2, Exhibit C]. We have provided a quick snapshot of our organizational chart as a breakdown of our agency [page 3]. Our agency has over 2,450 people, thus, the organizational chart is huge so this is just a quick snapshot. Our agency is broken down into six categories [Page 4]. We have eligibility and policy, which oversees our benefit programs where people apply for benefits, and eligibility is determined. We do outreach within the community. We do employment and training. We have program oversight, which is quality control and quality assurance. We have two programs that we provide enforcement for, which are child support and childcare licensing. We have our administrative services, human resources, information technology (IT) and fiscal services [page 5]. Our budget request is primarily federally funded. Of the request, we have approximately 23 percent that is General Fund [page 6]. On the next slide [page 7], we give a snapshot of all nine of our budget accounts. I will only be presenting five of these today.

HEALTH AND HUMAN SERVICES
SOCIAL SERVICES
DHS-DSS - ADMINISTRATION (101-3228)
BUDGET PAGE DHS-DSS-12

Robert Thompson:
This is our administrative account where we have our administration and overhead costs. In this budget account, we have two requests for additional funding [page 9, Exhibit C]. Decision unit Maintenance (M) 503 is for a National Accuracy Clearinghouse (NAC), which is a new database that will be able to track benefits when customers are applying for food stamp benefits through the Supplemental Nutrition Assistance Program (SNAP). Currently, if somebody is on benefits in another state, we have to call the other states. This is an automated system that has been mandated by the federal government. We will be submitting a budget amendment to decision unit M-503. Decision unit M-503 is 50 percent funded by the federal government and 50 percent funded by the State General Fund. The original request was incorrect. The budget amendment will increase General Fund to $550,000 in fiscal year (FY) 2026 and $154,535 in FY 2027 for a difference of $312,903 over the biennium.

The second request on this slide is for an on-demand employment verification system. We are required by the federal government and the Center of Medicare and Medicaid Services (CMS) to have a system that verifies income on-demand when our customers apply for Medicaid. Historically, the federal government has paid for this system. They have stopped paying for this system. We are required to have a system on hand and the federal government will pay 75 percent of this request.

We are required to fingerprint our employees when we hire them. There has been an update from the IRS requiring that we fingerprint our employees every five years. There is a request here to add funding [page 10], which is also to a bill draft request (BDR) that we are submitting, to be able to fingerprint employees, contractors, and subcontractors every five years because we have access to federal identifying information such as social security numbers in our system. The second request on this page adds one management analyst to our IT department, primarily due to reporting, budget reconciliation and creation, and our vendor services. There are a lot of reports that have been mandated by the federal government that have become extremely time consuming in that unit.

The next request is to add seven additional positions in our Human Resources (HR) unit [page 11]. Our agency has grown throughout the years, and we have not resized our HR department. We do have one request to add a management analyst in our fraud unit as we are also seeing a significant increase in fraud and in people using technology, such as artificial intelligence (AI), to attempt to commit fraud. We are trying to get ahead of that. When we do find that people have received benefits incorrectly, we are required to create overpayments to recoup those funds. These positions are involved in that.

We have had several conversations about our summer Electronic Benefits Transfer (EBT) program. The next slide funds the summer EBT program [page 12]. The cost of this per state fiscal year is approximately $48 million, with the State General Fund covering approximately $2.8 million of that. The primary cost of the federal funding is for the benefit. In this program, we do bring the benefits in directly, but the administrative cost to run the program, such as the computer systems, the staff, and even those little cards, are covered 50 percent by the state. Our second request on this page requests one management analyst position for our Temporary Assistance for Needy Families (TANF) Kinship Care Program. This request will have a technical adjustment in it. You will see that we have requested approximately $600,000 for the biennium for one position. That was a mistake, and it was not caught. We will be requesting to resize that request down to approximately $94,000 for the FY 2026, and $120,000 for FY 2027, with a technical adjustment in closing. The difference will be approximately a $402,000 reduction in that request.

On the next slide [page 13], there is a request in decision unit Enhancement (E) 900 to move six of our current positions that oversee policy in Medicaid to the Division of Health Care Financing and Policy, Department of Health and Human Services for them to oversee policy for the division.

Senator Nguyen:
It sounds like the NAC website will be up and running in 2026. Is that correct?

Robert Thompson:
Yes.

Senator Nguyen:
I know you had indicated that there was going to be a budget amendment forthcoming, and it seemed to be a pretty significant change in what the original adjustment would require. Can you explain why there was such an increase?

Robert Thompson:
When the budget was originally built, there was a belief that we would be able to use that system for all of our programs, and it would have been cost allocated across to Medicaid. Medicaid pays a higher portion when we are using the technology. However, this is a strictly SNAP funded item, and in the SNAP world we can only utilize 50 percent federal funds and 50 percent state funds.

Senator Nguyen:
Had you previously been able to use and share those costs with Medicaid? Did that change or was it just a mistake?

Robert Thompson:
This is a new system. It was a mistake. We believed that we were going to be able to use it for more than just the SNAP system. After the Governor's recommendations, we realized that we cannot, and it must be funded strictly to SNAP.

Assemblymember Yeager:
In some of the backup documents it indicates that the federal government wanted the system to be live by October 4, 2027, but it sounds like Nevada was identified to do it earlier and that we are part of a group of states that need to have it implemented by May 2026. I just wondered if you could shed any light on why we must do it earlier than the October 4, 2027, deadline.

Kelly Cantrelle, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
The federal government is rolling this out in groups. They put each state into a different group. Nevada was selected to go in group 12, which is the last group. The project kickoff will be in September of this year with the anticipated go-live date of May 2026. It is just the way they rolled the groups out.

Assemblymember Yeager:
It is good to hear that we are in the last group. Have you been in communication with the federal government or other states? Have they had issues in rolling this out, or does this look like something that is going to be okay given that we are in the last group and others hopefully have made mistakes along the way that we will not make?

Kelly Cantrelle:
Yes, exactly what you said. We are not upset about being in the last group for that reason. Everything we have heard so far has been pretty smooth. It is a system that will help us avoid duplicate issuance for people who are receiving benefits in other states.

Assemblymember Brown-May:
Have there been any issues that we have experienced with regard to our current participation in that income verification system for Medicaid? Do we have any issues that are outstanding?

Kelly Cantrelle:
We have not. It used to be something that the federal government paid for 100 percent, and in July of this year, they stopped doing that. Now we have to pay 25 percent of it. We have used it for many years, and we do not have any issues.

Assemblymember Brown-May:
On slide 9 the documentation identified funding of $4.3 million in FY 2027, which was the estimate of the ongoing annual cost of the state's participation. Are there any one-time costs that are reflected in that amount? Is that all ongoing?

Kelly Cantrelle:
There are no one-time costs in that. What happens is the price creeps up a little bit each year, so if our caseload grows a little bit, we anticipate that to grow. At this time, we are a little bit static, but it is all ongoing cost.

Assemblymember Jauregui:
I want to go to the summer EBT program. It looks like there was about 312,000 children enrolled over the last summer, and it looks like the budget recommendation is to cover 350,000 children per summer for the next biennium. Can you walk us through what kind of outreach you will be doing to the families who are on free and reduced-price lunch (FRL), who maybe are not on summer EBT. It is my understanding that if you are on SNAP, you will automatically get your summer EBT loaded onto your SNAP cards. It looks like you may be doing some outreach to increase the number of children who receive these benefits.

Kelly Cantrelle:
You are correct. There is automatic enrollment for several groups, and being on one of SNAP, TANF, or Medicaid would be one of those. We did massive outreach, but we are looking to go even further. We have met with every school principal. We have talked to them and gotten the word out to them. We have done media blasts, which we will do again. We are going to utilize our outreach staff that are out in the community to speak to individuals, and we have our eligibility staff that speak to individuals who are in front of them or on the phone with them. We anticipate about 350,000 kids, and we are hoping to get to that with as much outreach as we possibly can.

Assemblymember Jauregui:
Do you think that 350,000 covers the entire need? Would that include every child on FRL in Nevada who needs the benefit?

Kelly Cantrelle:
We do.

Assemblymember Jauregui:
I have some questions about the seven new positions you are requesting for your Human Resources unit. Has collective bargaining in any way added to the workload of the Human Resources unit? Does that contribute to the need for the positions?

Marni Whalen, Deputy Administrator, Division of Welfare and Supportive Services Department of Health and Human Services:
Collective bargaining for the majority of our eligibility staff takes effect on July 1, 2025. We have not yet seen the impact, but we are anticipating an impact. They are in the middle of contract negotiations right now.

Assemblymember Jauregui:
Would these seven positions help with that anticipated workload?

Marni Whalen:
Yes, that is correct.

Assemblymember Jauregui:
Have your current staffing levels impacted your ability to recruit?

Marni Whalen:
We have temporarily used some special project staff to assist us with recruiting in the interim, and these staff will memorialize that to continue those efforts.

Senator Titus:
I would like to go back to the accurate estimate annual cost and federal income verification system. We are looking at documentation and the verification of income but you mentioned the duplication of services. That did not come up anywhere else, but I think it is a good idea. So not only will this national program allow us to document their income, but it is also going to allow us better and quicker documentation of duplication? Could you expand on that?

Kelly Cantrelle:
The NAC is a system that allows us to see duplicate benefits in other states. That is separate from the on-demand income verification for the Medicaid system. The NAC does not verify income, it only verifies if someone is receiving benefits in another state so that we do not overlap the benefits, hopefully saving money and time.

Senator Titus:
I think that has been a very big issue for us, especially during the COVID-19 pandemic—the moving to other states and then coming back. Hopefully, people who need the services are getting it, but will we be able to see any of the results of that and how many people you picked up that were potentially getting duplicate services?

Kelly Cantrelle:
I do think that once we implement this and do a little bit of data on it, we will be able to have an idea of what it saved. It certainly would reduce the amount of duplicate benefits. Like you said, we are a state that folks move into and out of fairly frequently, and so it should help with that.

Assemblymember Monroe-Moreno:
For decision unit E-225, there is the one management analyst position. What factors are contributing to the need for the increased IT related oversight and management? Are these factors anticipated to continue beyond the 2025-2027 biennium?

Robert Thompson:
We are seeing an increase in fraud attempts and fraud that is being completed. It is often tied to new technology and AI. We are even seeing people who are using AI to create incorrect paycheck stubs or identification. There are additional positions in budget account (BA) 3233 which are field positions that will be assisting in this position. The position in BA 3228 is administration in that unit, and BA 3233 is field operations. As we go forward into the presentation, there are additional positions in requests that are not necessarily companion, but part of the group. We do anticipate that need going forward. We do anticipate the fraud attempts to be increasing. We are struggling with keeping up with the technology. The people who are less than honest are coming out with technology faster than we are keeping up with it.

Assemblymember Monroe-Moreno:
How will you measure the effectiveness of the investigations in the recovery unit? How would the approval of the recommended additional management analyst position improve the unit's operations? It is hard to stay on top of those who are bad actors that spend all day finding ways to commit fraud.

Robert Thompson:
We have multiple ways that we refer cases to our fraud detection department. We have a computer system that will look for red flags, such as multiple cases being approved at the same house. It is not unusual to have a few cases approved at the same house, but if you start seeing 14, 15, or 18 cases approved at the same address, it is a red flag. Then we would start digging in.

Many of the referrals are done by our caseworkers. Our case workers go through training, and they will be interviewing somebody, and things might not 100 percent make sense. The benefit still has to be approved because the customer has provided everything we need, but it does not all exactly line up. Then they are referred over to our fraud detection department. The fraud detection department tracks everything that they receive, and when they go out and do an investigation, they track the amount of benefits associated with cases they end up shutting down to see how much it saves in the future. So, we do have data analytics that we can pull on to see how well they are doing their jobs, how many referrals they are doing, and how often they are going out. Those investigators go out into the community, they are not just sitting at their desk going through data. They are, for lack of a better word, a small police department. They will go out and meet with landlords. They will go out to hospitals and pull medical records. They will go out and see if what was presented to us is the truth. A case worker cannot do that, but an investigation department can.

Assemblymember Monroe-Moreno:
Once the fraud investigators verify that it is fraud, how long does it take to take that person off the system?

Robert Thompson:
If the income has been verified, then we would take that action immediately, and close the case as soon as administratively possible. There are federal requirements that require we give people a 13-day notice before we shut their case down. Then we conduct overpayments and can send people to collections. If they come back and apply later, we will reduce benefits to recoup what was given out incorrectly. We also conduct intentional program violation hearings to determine if this person is disqualified. Some people can be disqualified for one year, and some people can be disqualified for their lifetime. If you are found trafficking food stamps, we can go through a process to where we remove them from benefits for their lifetime for the entire United States.

The other system we are talking about, the duplicate assistance system, will be tracking that also. If somebody were to apply for benefits here, and they have been disqualified at a federal level in another state, we will know that in real time. Currently, we have to call other states to figure out where you have lived. It is very time consuming. Now we will have real time data.

Senator Titus:
Is there ever any prosecution of this? If so, is it prosecuted federally or at the state level by the Attorney General?

Robert Thompson:
There can be federal prosecution and state prosecution. We do both. I cannot say it happens often, but people have been incarcerated over fraud. There have been times that we have worked with the FBI. Deputy Marni Whalen's team was here with a federal SWAT team from the Secret Service that went out and targeted retailers who were red-flagged to determine if they were not doing things honestly.

Senator Stone:
It appears that we have all these new debts and recollect about 50 percent overall. Can you confirm that? Does the federal government sanction the state if we do not keep on top of this fraud? We already have 1,125 cases in 2025, and we are barely into the new year.

Robert Thompson:
The federal government does come out, and they do audit us, and they do pull sightings. I could not, off the top of my head, tell you if there was a financial penalty if we do not do enough of the fraud recoup. I will get those answers and get them back to you through the Legislative Counsel Bureau (LCB).

Senator Stone:
Can you follow up with me as far as the advent of AI and it is impacts on your program? You alluded to it a little bit earlier, but what are you trying to do to stay ahead of the AI fraud that is going to potentially exacerbate the number of claims that you are going to be having?

Robert Thompson:
We will put a summary together with the answers for you.

Senator Dondero Loop:
When we are talking about the EBT, and the fraud, and some of these things that we are addressing, I get the adults not doing the right thing, but that transfers down to children a lot of times. Is there any way to make sure that kids continue to get fed if people are using their cards or their food stamps inappropriately. That affects the children who may live in the home.

Kelly Cantrelle:
When someone incurs an intentional program violation, they are not eligible to receive the benefits for themselves. But if there are children in the household, or even other adults who have not incurred the same infraction, they do continue to receive their benefits.

Senator Dondero Loop:
If I am an adult and I lose my privileges for my lifetime because I or someone in the house has done something inappropriately, and the child gets the card, is it sent to the parent? Because the child is not going to be able to go to Smith's over here and get their food.

Robert Thompson:
That is accurate. The card is still mailed to the adult caretaker of the children. While fraud is very important, and while we are addressing fraud every day, I do not want to make it sound like fraud is a widespread issue within the agency. It is a small percentage, but with a caseload of our size, a small percentage can add up to a large amount of money. All data has shown that 97 percent of our recipients applying for assistance are telling the truth.

When we are dealing with the food stamp traffickers, and the people who are creating fake accounts—for instances where vendors were creating fake accounts and skimming these cards—there were not any children in the home. These were fiscal agents, and they were not even in Nevada. I do not want to give the impression that there is this widespread amount of fraud. Most people use the benefits correctly. Most of our customers tell the truth. Many of our overpayments found by the fraud department were mistakes.

Mistakes that cause overpayments are treated differently. We do not prosecute for mistakes. We still recoup the money through the fraud investigation department because they receive the benefit inaccurately, but that is what the hearing process is for. It is a very strict hearing process to make sure that we determine whether it was a mistake, whether somebody did not understand the question, or if they are truly committing fraud. If there is fraud, we will discuss prosecution and removing people from benefits for their lifetime, but we do not go in and just shut parents down who made a mistake.

Senator Dondero Loop:
I just wanted to make sure that children are not paying for adult mistakes or that adults are deciding what to do with certain things, and the kids are at the other end of that.

HEALTH AND HUMAN SERVICES
SOCIAL SERVICES
DHS-DSS - TANF (101-3230)
BUDGET PAGE DHHS-DSS-25

Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
We are now presenting Budget Account (BA) 3230, which is Temporary Assistance for Needy Families (TANF) [page 14, Exhibit C]. Temporary Assistance for Needy Families is funded through a block grant from the federal government. The State of Nevada is required to provide a maintenance of effort of matching funds. The block grant amounts were determined in 1995, and there has not been a change to these block grants in that time frame.

On the next slide [page 15], we start talking about our two major requests for TANF. The first request is to utilize opioid settlement funds to provide assistance to contracted nonprofit, or government entities, to provide family preservation or support services for families impacted by opioid and other substance use. We have had multiple conversations with outside partners, and there is a population here that is receiving, or should be receiving, assistance when adults are using substances that are impacting the family. By providing assistance upfront, or providing assistance to nonparent relative caretakers, we may be able to shore up these families with the overall goal of not placing children in foster care.

The second request from slide 15 is for funding to enhance our current TANF program through a computer system that we already have, and through processes that we already have. Funding will provide assistance for guardians of children who are not the parents, but relatives—usually grandparents, aunts, uncles, or adult siblings who are raising these children as a result of the children having been removed from the home due to substance use.

Assemblymember Yeager:
Either last week or the week before, I expressed some concerns about how we are intending to use the opioid settlement funds. I think Senator Titus agreed with me that we need to make sure that these funds are being used for their intended purpose and not being used to backfill other budget accounts. Just looking at the budgeting over the last biennium and this biennium, it looks like the big difference to me is we are essentially losing about $7 million in federal funding, but then we are going to basically put another $10 million each year in

opioid funding. With respect to the TANF Family Support Program, can you clarify for me how are you going to identify the supports that are needed for an individual recipient? Is this enhancement going to be limited to the population that is affected by opioids or substance abuse, or will it go more broadly than that?

Robert Thompson:
Can you clarify if you are talking about decision unit E-255—Temporary Assistance for Needy Families?

Assemblymember Yeager:
We will get to the Kinship Foster Care request in E-255 later. I think that is an easier topic to discuss. I was actually asking about E-254, which is the Family Preservation and Support Services request for families impacted by opioids and other substance abuse; specifically, the TANF money in E-254. How is the $10 million in opioid settlement funds going to be used for opioid uses? Is it going to be broader than that?

Robert Thompson:
First, I want to make clear in decision unit E-254, that it is not TANF funding that we are using, it is opioid funding. We are using BA 3230 because we already have a mechanism in place and would not have to create a new computer system, hire new staff, and use up 15 percent of the funding like we normally do. We are able to move this money through our system that we already have.

In decision unit E-254, the Family Preservation and Support Services for Families, we would be contracting with the non-Division of Welfare and Supportive Services (DWSS) entities, and they would have to provide specific reporting showing that they utilized the funds for children and families impacted by substance use. Those families would have to go through that process. They would have to work with the counties or nonprofit entities. The counties have systems in place where people can apply for these benefits now. It is expanding those programs to specifically target children who have been impacted, or are currently being impacted, by opioid use of their parents, where those support services could shore up the family to make sure the child is not being removed and placed in foster care.

Assemblymember Yeager:
Thank you for the clarification because that really was my concern—the $10 million in opioid funding over the biennium for that program. I understand you are using an existing budget account, but that is the source of the funding. I hear what you are saying, and I think that satisfies my concern. When we get to the next legislative session, if we are looking at this budget account again, how will you determine the effectiveness of using that $10 million opioid settlement money in terms of whether it meets the goals enunciated in the plan for the opioid money?

Robert Thompson:
One of the reasons we specifically chose to use BA 3230 is we have a unit under Deputy Administrator Kelly Cantrelle, the Eligibility and Payments Unit, and they are well-versed in the TANF grant process. In the TANF grant process, there are very strict requirements proving how the money was used. They must submit those receipts, for lack of a better word, to be able to continue receiving the funding. By using the same reporting process that we already have in place, but adding the criteria in the reporting process that it must have been an impact of opioid use, we are confident that we will be able to build those reports.

Assemblymember Yeager:
If we approve this recommendation for the additional $10 million coming from the opioid settlement funds, when would you anticipate being able to issue the subawards, and have the local agencies begin providing those supports for families?

Kelly Cantrelle, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
Since many of these entities we have worked with in the past, we do not anticipate it taking more than six months, hopefully, to get this up and moving,

Assemblymember Yeager:
I did want to move on to the kinship care grants in decision unit E-255 because it uses the same sort of mechanism where we are going to propose to use $10 million in opioid settlement funds. It looks to me like you are going to use that to expand the program. I assume that means the $10 million in opioid settlement funds will be targeted to families in the Kinship Foster Care program who are taking care of children who need care because of opioids in the family. If you could just confirm that is what you intend to do with the $10 million, I think that would satisfy my concern.

Robert Thompson:
That is accurate. In the TANF program, we have a Kinship Care Program that requires the non-parent relative to be 62 or older and have guardianship. That is the current program that we currently fund, and we have been funding that for as long as I can remember. The request that has been coming to us repeatedly is that most grandparents are younger than age 62 now. Children are being removed from their parents due to opioid use, and young grandparents, or aunts and uncles, or even adult siblings that are only 19 years old, are raising these children, but they are not eligible for the program because of the 62-year age requirement. By utilizing these funds, we can expand the program, remove the age limit of the guardian, but target only the children who have been removed due to opioid use. We would do that all through our normal TANF processes, our interviews, and our application system. The children would be referred to us through Legal Aid and through drug court, so we would know that they were appropriate to receive this funding.

Senator Nguyen:
What stood out to me was that, of this $10 million, $1 million is budgeted to fund an amendment for the information technology (IT) vendor Deloitte. Is it going to cost an additional $1 million to distribute $9 million? Can you provide a timeline for what those system changes might be to expand this program? Why is it so expensive?

Robert Thompson:
In the TANF program, E-255 is expanding a current program, and we have to track those funds; we will have to build a new aid code in our system to make sure we keep the money separate from the actual federal funds. Building a new aid code would be a system upgrade. Then there are the administrative costs of having a human being go in and make sure that the funds are all used appropriately. The computer system and aid code would be for this fiscal year, but as this moved forward, we would not be requesting those for future biennium.

Senator Nguyen:
Will the $1 million upgrade to your system to be able to track the $9 million in funds be a one-time cost?

Lisa Swearingen, Deputy Administrator, Division of Welfare and Supportive Services Department of Health and Human Services:
Normally, when we have to do a new aid code in our system, which is a way that we would track these new programs, it costs approximately $850,000, just for the coding itself. This is also going to require changes to the system to do the budgeting differently, track these individuals differently, and to produce the reports we need. All of that kind of compounds. It is two programs, not one. We always charge at vendor time, which is about $200 an hour. That is where that cost is upfront. Deloitte is our current eligibility vendor, so they would be the ones making those changes.

Senator Nguyen:
If this is approved and we get this new aid code, and we are able to distribute these funds, when do you anticipate beginning the issuance of these kinship care grant benefits to recipients? When will they actually see the remaining $9 million distributed?

Robert Thompson:
Normally it takes six to nine months to build the new aid code and roll it all out. I would estimate nine months.

Senator Dondero Loop:
When somebody applies for these funds, are the cut-off levels of their social security, or money that they receive from a job, or other sources when they are raising grandchildren, nieces, nephews, or whoever, determined by the federal government or by the state and local entity?

Robert Thompson:
In the TANF program, the states have a lot of latitude to be able to move it, but I do know that there are limits to what we can do through the state plan. However, we are not sure what level of latitude we have so we are going to have to get back to you.

Senator Dondero Loop:
I just know that I have received a couple of emails along the way where one child ages out, they still have children at home, their social security goes up $10 or $15, and then they lose access to these types of monies. It is a lot because the $15 that went up on the social security does not help do what they need to do raising children.

Robert Thompson:
That is accurate in the TANF program because it is a pass-fail system. Unlike SNAP, which has a graduating system, in the TANF program if you are eligible, you are eligible. If you squeaked in $5 under the income level, and then you receive a raise, it does throw you off. We do see that cliff effect often in social services.

Senator Nguyen:
I just had time to contemplate the delay and how long it would take to get this program up and running. I believe you said something like eight months. I get that it takes some time, but given the fact that it will take a while to get that new program up and running, would we prorate the asks in the first year and move it into the second year because we would not even be able to distribute those funds until the second year of the 2025-2027 biennium?

Robert Thompson:
We could prorate the request. Keeping in mind that these funds do not expire, and we could roll them forward. If there are more families coming on than originally anticipated, we would not have to build waitlists.

HEALTH AND HUMAN SERVICES
SOCIAL SERVICES
DHS-DSS - WELFARE FIELD SERVICES (101-3233)
BUDGET PAGE DHHS-DSS-30

Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
This budget account is the meat and potatoes of what we do in the Division of Welfare and Supportive Services (DWSS). These are primarily our caseworkers and our offices where people go to apply for assistance. This budget account is funded from other budget accounts and sources—the TANF program, the Center for Medicare and Medicaid Services (CMS), SNAP, the federal government, and the State General Fund [page 16, Exhibit C].

In this program, we track how many customers apply for assistance and how long each one of those actions take when somebody applies for assistance. We have approximately 1,225 caseworkers on staff at this time, and we anticipate a slight increase in the staff needed to continue business to make sure the benefits are rolling out. We are requesting additional 36 positions in budget account (BA) 3233: 6 administrative assistants, 27 family service specialists, and 3 family service supervisors. These are primarily to issue SNAP Food Stamps, Medicaid eligibility, and TANF eligibility programs [page 17].

As we talked about earlier, decision unit E-227, while not a specific companion to the fraud position that we requested in BA 3228, it is all part of that unit, and it has the same reasons for the request. We are requesting one supervisor over the compliance investigators and six additional compliance investigator positions to enhance our investigative capabilities as we talked about earlier in the presentation [page 18].

The next slide simply shows our TANF projections in caseload [page 19]. Temporary Assistance for Needy Families is projected to stay fairly flat over the next biennium. All of the programs in this budget account are anticipated to stay fairly flat. Some slight increases in SNAP, which is where we see the increased need for staff. We would also like to point out that, simply because we do not see growth in caseload, does not mean we are not working with families. We are seeing an increase in applications with an increase in denials. We see that commonly when inflation comes in and wages go up. During the labor shortage, more people were able to be employed, which we saw a reduction in the TANF caseload at that time. But we also see people making higher wages than ever before. We are seeing an increase in applications, but that crosswalks to more work for us when there is a decrease in approvals.

In our division, we determine Medicaid eligibility under a memorandum of understanding (MOU) from the Division of Health Care, Finance and Policy (DHCFP). This slide is the projections of how many individuals will continue receiving Medicaid over the 2025-2027 biennium [page 20].

The next slide is our SNAP projections [page 21]. As I said, the caseloads are not necessarily growing, but the workload is growing. Prior to the COVID-19 pandemic, we were seeing approximately 85 to 87 percent of our applications being approved. Now we are only approving 81 percent of them, which creates a significant amount of work for our caseworkers to sit and meet with families to tell them they are not eligible. We go through conferences, hearings, and soft handoffs to the food banks. I would never want to give the impression that just because a caseload has a slight decline that the workload is going to decline. We are seeing an increase in workload.

The next slide is simply a visual that we provide each legislative session [page 22]. It is a snapshot of our customers in DWSS. Very few of our customers receive only one program. Fifty-five percent of Medicaid recipients also receive an additional program. Ninety percent of SNAP recipients receive additional programs, which is logical. If you are in need and eligible for the SNAP program, you will also apply for Medicaid. There are a few people that receive SNAP assistance that do not apply for Medicaid, and that can often be veterans or people who are receiving Medicare.

Senator Dondero Loop:
When the client transaction is used with the staffing model, are there changes to that?

Robert Thompson:
In our staffing model, we track all actions that each one of our caseworkers take, and we track how long those actions take. We have a database system that is a task-based system. When we were caseworkers, we used to have caseloads. Now we have tasks, and we track how long each one of those tasks take. There are changes about how long a task can take depending on how complicated the work can get. We do track how long it is. I am not sure I am answering your question.

Senator Dondero Loop:
I think part of the confusion is when you were talking to fiscal staff, you were not able to connect the transactions with client base. Does that make sense to you now?

Robert Thompson:
Yes. Traditionally, when we come forward in legislative session, we have a staffing model that indicates we need X number of staff to continue our services. We did that staffing model, as we always had, and the request that we were going to come to the table with was approximately 144 new employees were going to be needed. I have been involved in the staffing model since 2003, and when we submitted our agency request for 144 new employees, we went back and revisited that when we were going into the Governor's Recommend phase of the budget. We realized that we had a record number of staff who have worked here for less than one year.

Our staff go through a tremendous amount of training. There are thousands of pages of regulations that they have to learn. The first three months with our agency, they are in a college style classroom. They do not do one bit of case work. When I looked at that staffing model and I realized historically around 14 percent of our staff had less than one year with the Division, but we were currently running at approximately 27 percent. I realized that we were asking for too many staff. If we had gone forward with asking for 144 staff, and then all of them came up to speed after one year, we anticipate they will, we would be overstaffed and we would end up cutting staff in 2027, or coming to you and telling you that we had too many staff.

I readjusted the staffing model offline, with conversations through LCB, and reworked the data, anticipating how much the staff will be able to work after the 2023-2025 biennium, going into July 1, 2026, through the next biennium. We are confident that the new number is 36 and not 144.

Senator Dondero Loop:
I think you may have answered part of my second question. I am just going to ask for confirmation that the staffing levels recommended by the Governor for the 2025-2027 biennium, will that be sufficient to manage the anticipated caseload changes for the biennium?

Robert Thompson:
Yes.

Assemblymember Jauregui:
I was going through the information that we were provided in our notes, and it looks like there is a good number of cases that go uninvestigated every year just because you do not have the manpower to do it. Can you walk us through how seven new positions are going to reduce the number of priority cases assigned to each investigator? Will that reduce to zero the number of cases that go uninvestigated each year?

Marni Whalen, Deputy Administrator, Division of Welfare and Supportive Services Department of Health and Human Services:
We have a process where if a case goes over a certain amount of days, we consider it aged out just based on the information, timeliness, and those types of things. We receive referrals all the time, and some of them get aged out. We assign those based on priority. I do not know that I have an exact number of how it would reduce that caseload, but with six additional investigators, they are each usually assigned 20 investigations at any one time. That would be another 120 cases that would be able to get assigned. I would not see it zeroing out, but it would definitely increase our ability to do the priority cases.

Assemblymember Jauregui:
I thought it was seven new investigator positions you that were recommended.

Marni Whalen:
We have the six investigators and then a supervisory compliance investigator.

Assemblymember Jauregui:
So, each investigator handles about 20 cases at a time?

Marni Whalen:
They are generally assigned 20 cases at once.

Assemblymember Jauregui:
So, it will not get the uninvestigated cases down to zero. Are we in jeopardy in any way or has any corrective action been taken by our federal partners for our inability to investigate all cases?

Marni Whalen:
No, we have not.

HEALTH AND HUMAN SERVICES
SOCIAL SERVICES
DHS-DSS - CHILD ASSISTANCE AND DEVELOPMENT (101-3267)
BUDGET PAGE DHHS-DSS-44

Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
This budget account is made up of three federal funding streams. It is much like the block grant for the TANF program. We receive specific funding from the federal government, and then the State of Nevada puts in a mandatory match to be able to receive that funding.

In this program we are requesting two program officers and one administrative assistant position to assist with our new payment management information system that we are launching [page 24, Exhibit C]. That is the only enhancement in that budget account.

Senator Cannizzaro:
I want to talk a little bit about the caseload projections and the funding that is currently being proposed in the budget for the Childcare Subsidy Program. As I understand it, you are taking some steps to reduce that caseload to match the funding levels. Can you tell us a little bit about what steps you are taking to reduce that caseload, and how families currently receiving childcare services are being informed of those benefits and eligibility changes? I believe that some of them under this proposal may lose some of those subsidies.

Lisa Swearingen, Deputy Administrator, Division of Welfare and Supportive Services Department of Health and Human Services:
We have implemented several different processes. We have had to reduce those numbers down to about 7,500 kids per month under the subsidy program. We are currently at a little over 13,000. We are seeing a reduction every week of about 200 to 250 kids rolling off. This is mainly because we have had to implement a change in how we determine income limits. New applications that come in are evaluated at 41 percent. However, we do have 49 percent when they renew. If an individual comes in and they were on the program, they are allowed to increase their pay by 19 percent in order to stay on the program. However, if they are over that, they do roll off. We have had to reduce that, unfortunately, with all of the money that came into the program during the COVID-19 pandemic—we kind of opened the floodgates to cover all of these individuals. We have had to take steps to get us back down to what our federal grant is, which is about $114 million. However, we can only sustain approximately $96 million for these subsidy programs.

Senator Cannizzaro:
Can you explain that piece a little bit because you just said that the federal grant was about $114 million, but you can only sustain $96 million?

Lisa Swearingen:
Seventy-five percent of the $114 million goes to subsidy and 12.5 percent of it is required to do quality by the federal government. The remainder of that is to cover administration costs.

Senator Cannizzaro:
Can you talk to us about how you are informing families? It sounds like you are taking steps to put in these income requirements and that will inevitably result in some families losing their subsidy. I think you mentioned there are about 1,300 per month rolling off, and you are trying to get from about 13,000 down to 7,500. How are you letting them know?

Lisa Swearingen:
We send communication out on a regular basis. We have done webinars with the providers and the parents. We do them after hours because people are working and we try to open that up for them, so they can log on. The staff are on the call with them so they can answer their questions. I believe we are doing notifications out to the providers, policy transmittals, and other communications through social media and pushing all that out. The websites are all updated. We have weekly calls with Children's Cabinet and Urban League just so they can help push that information out to people. We are doing everything we can to streamline the process because we are making changes internally as well.

Senator Cannizzaro:
A lot of that information sounds like, hopefully, it is getting pushed out to people from other places. Are you contacting these families who are getting subsidies and sending a letter or making a call to them so they know they may be losing this subsidy?

Lisa Swearingen:
Yes, we are the ones holding those webinars. We are the ones reaching out to them and getting those scheduled so that we can work through that. One of the projects that we have put in place right now is pulling eligibility inhouse for the childcare providers. We have been reaching out to all of these providers, and working with them to get signed up with the Office of Treasurer to get an Electronic Funds Transfer (EFT) number so we can then do payments and stuff for them. They are in the process of doing that, and that is going to streamline the process. So, yes, we are contacting them because we are in the process of pulling all of these payments inhouse anyway, so that we can get those payments out faster. We are in communication with them on a constant basis.

Senator Cannizzaro:
I am hearing that there is communication with providers and then hoping that families get on webinars, but are you sending out actual communications to the individual families who are receiving those subsidies?

Lisa Swearingen:
I cannot guarantee that. I would have to follow-up on that.

Senator Cannizzaro:
I would appreciate any follow up on that. Obviously, that is concerning if somebody is going to be losing a subsidy, and we are hoping that they are going to hear that information from another source or hoping that they are going to jump on a webinar.

Lisa Swearingen:
I did just get a head nod from Brooke Yarborough, she is my agency manager over the childcare program, and she did verify that we are notifying all of the parents as well.

Senator Cannizzaro:
Are there families that are currently receiving childcare services that are anticipating losing those benefits on July 1, 2025, because of the reduced funding alone?

Lisa Swearingen:
No. This is a constant process that we are working through right now and we would continue to fund that. We would pull money as best we can. As stated earlier we are looking to pull eligibility inhouse. That is going to reduce the cost that we are currently paying another vendor to do. Hopefully, that is going to increase that number of kids we can cover. It is going to streamline the process, get their eligibility determinations faster, get those time sheets processed faster, and get those payments out the door within 14 days, which we are already doing. Putting this in place and doing it in house is going reduce that administrative cost that we are paying somebody else to do. I am hopeful that number comes up and we will be able to cover more kids than what we are right now. It really depends on the level of care,

and what we are paying right now. I think the average weekly payment is about $203. It just depends on the number of kids and the level of care they are in. The younger kids are costing more money than the older children. It depends on who is currently being covered.

Senator Cannizzaro:
Do you anticipate changing other eligibility requirements to further manage the caseload?

Lisa Swearingen:
We have implemented an attendance-based model to get a better handle on what is going on with the program. We are looking at doing pay-by-enrollment, which is what is required by the federal government. The new eligibility and payment system is getting ready to go to RFP [Request for Proposal] and that is one of the things the new system will do. Other than that, I do not anticipate any major changes coming to the program.

Senator Cannizzaro:
Do you believe that will help to bring down the number of families being served to that 7,500 number that you anticipate being the total maximum number of households to be served?

Lisa Swearingen:
We are already seeing that number reduce by about 200 kids a week. That number is already dropping significantly just with the income changes. A lot of people are rolling off because they are over that 49 percent when they are renewing. And some of them are just not reapplying.

Senator Cannizzaro:
Do you anticipate requesting any adjustments to the revenue and expenditure authority included in this budget when updated caseload projections are provided?

Lisa Swearingen:
At this moment, no.

Senator Cannizzaro:
Obviously, this is tough because it is very expensive to get childcare for kids. It is also an economic issue for a lot of families, and for our community as a whole. I would note that this is also a place where we have significant federal funding that is providing these subsidies to folks who are making very little money. It is like $31,000 a year for the initial qualification. We will definitely be keeping an eye on this, and probably asking for additional information on some of the caseload stuff. This is just an important piece for so many families for something that is extraordinarily expensive in and of itself, and for which we rely heavily on federal funding in order to make this possible.

Assemblymember Brown-May:
I would like to go back and talk through the new IT system that you just talked about and the RFP process. It is my understanding that we had a vendor, we anticipated we were going to launch this new system, and then the vendor was unable to complete the deliverables. Could you talk about some of the issues that the former vendor experienced in attempting to implement the new program? What steps are you taking to make sure that this does not happen again?

Lisa Swearingen:
The Childcare Program came under my purview last year. When that happened, I started digging into the program to get an understanding on childcare. My background is in IT projects, so I started asking a lot of questions. Then this system came into the conversation. When I dug into it, they were not meeting deliverables and not providing the information that I wanted to see out of a system to meet the needs that we needed. We needed an eligibility system that we could process applications, enter timesheets for providers, issue payments, do reporting, and possibly a payment or provider portal. This system was technically a case management system that was just not going to meet the need and was not meeting the deliverables that had been set. I gave them a list of things to do, but I did not receive those things, so I issued a 30-day notice to cancel the contract.

While that was happening I used our contract with Deloitte to work on our Nevada Child Care System (NCCS), which is old, ancient, and nonworking childcare system. I had Deloitte come in and make changes to that system to get it up and running. It is just band aided, but it is working. We are pulling better data, processing payments, and entering time sheets into there. We have 20 providers that are signed up right now, 12 of them are actually working and in the process where we are entering their time sheets and issuing those payments within 14 days, which is very exciting.

The three staff that we are asking for was for the childcare system that was originally in place when it got up and running. We will use those individuals as well for the new system when it is up and running. I am not anticipating needing them right away, but I would assume by October when we, hopefully, would have an RFP and a contract in place. I am hoping the RFP went to purchasing last week. When that happens, I will have the staff to help with implementing the training and getting that information out to the providers.

Assemblymember Brown-May:
I am assuming that our IT contracts are pay-for-performance, and we are not front-loading payment for systems that never actually get deployed, as we have seen that a few times in our history. Congratulations on actively managing this IT project for deliverables.

My next question is about the three new positions you are requesting. If we anticipate that the RFP process is not going to be completed, and a contract will not be in place, do we need to start those three positions effective at the beginning of the fiscal year or should they be delayed as you anticipate launching the new system?

Lisa Swearingen:
We were hoping to have the positions around October 1, which is our norm. That is mainly because I am hoping to have a very short, expedited RFP process. Mainly because my concern is I need to get a system that can do what we need it to do. The Nevada Child Care System is going to hit capacity very fast, so with entering all of these time sheets into that system, I do not want to turn around and be in a position where it is now taking me 65 days to get those payments back out again. I think it is really important to understand that. If I get the positions in October, and then they can be part of those requirements, and that building, and that understanding of how that system is going to function, and be an active partner in that build, it is going to be key to making a successful project.

Assemblymember Brown-May:
Do you anticipate that this new product would be an off the shelf product. Are you anticipating a custom build for the entirety of the program that it will be required to manage these cases?

Lisa Swearingen:
I believe we did not ask for an off the shelf system. We like to customize what it is that we are looking for due to the different options that are available. My RFP does not state that it is an off the shelf product. We are looking for something that would meet our need. If a vendor bids and they have an off the shelf product that meets the needs of the RFP, then that would be fine. But I did not limit it to just an off the shelf product.

Chair Mosca:
Will we be able to use any of the work already done by the previous vendor on the new one or is it just scrapped?

Lisa Swearingen:
One of the things that is in the scope of work is being able to do a conversion so that we are not having to recreate the wheel on a lot of these individuals. There is always a data conversion piece that needs to happen so that we can just upload those current families and save time. It is not as error prone if you are already pulling the information that is been verified.

Senator Titus:
I want to ask a question regarding the actual waitlist and the people who are then impacted by this computer program. Waitlists really bother me. Once this computer program is up and running, do they get reimbursed or receive backpay? How are we catching up with this while we are waiting for this computer program? We have real lives being affected by this.

Lisa Swearingen:
The current waitlist that we have in place right now has nothing to do with this system. It has to do with what we can sustain for our caseload, and that is what is currently on the waitlist. We had originally stated that 2,400 individuals were on the waitlist, but that number has come down. We now have about 1,832 individuals on the waitlist. We are seeing those numbers come down because we cover those populations that are on TANF and foster care who are at risk, and they are not subject to the waitlist.

Senator Titus:
You subcontract with other groups then that offer services. Is that how that process works? This waitlist that you are taking down to 1,000, how were you able to do that?

Lisa Swearingen:
I would have to get back to you on that one.

HEALTH AND HUMAN SERVICES
SOCIAL SERVICES
DHS-DSS - ENERGY ASSISTANCE PROGRAM (101-4862)
BUDGET PAGE DHHS-DSS-49

Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services:
Our energy assistance program provides assistance with heating and/or cooling costs for eligible Nevadans and is funded through the Low-Income Home Energy Assistance Program (LIHEAP) block grant and the Nevada Fund for Energy Assistance and Conservation State Plan [page 25, Exhibit C].

This caseload fluctuates in this program. The caseload does not fluctuate as much as the funding fluctuates. Each biennium, we request what we believe we are going to be receiving from the federal government. In this caseload, we are not always told ahead of time what the federal government is going to be issuing us. We go into the biennium requesting what we know we are going to be receiving and then we adjust it during Interim Finance Committee (IFC) meetings throughout the biennium.

We have one enhancement request for this budget account [page 26, Exhibit C]. There are approximately 20 case managers with seven of those case managers and eight administrative assistants being intermittent positions. Because we have so many intermittent positions and a very small caseload, we are not able to fill them. We are finding that our employees will not take intermittent positions when there are full time positions in other budget accounts—in the SNAP caseload, in the TANF caseload, or other areas of the state. We are requesting to convert these positions from intermittent to permanent. There is no General Fund impact to this request.

Chair Mosca:
I was surprised there is no waitlist, and this would impact the budget. Can you just share how you advertise it to families like those in my district?

Kelly Cantrelle:
We do social media blasts. One of the big helpful things that we do is we speak to the utility vendors who then will share the information with their customers to help get the word out. We also have sites all around the state who take these energy assistance applications on our behalf. They are also made aware so that they can do outreach on our behalf too. We are always working on other ways to get the word out on this program.

Chair Mosca:
Any final questions? [There were none.] We will now close these budget hearings, and I will open it up to public comment. [Committee rules and protocol for public testimony were reviewed.]

Sabrina Schnur, representing Wonderschool:
We would like to thank the Division of Welfare and Social Services for their work on childcare assistance and TANF expansion. Even with those supports, Nevada is missing 100,000 slots for childcare. This is because the Division of Welfare and Social Services is not, and should not, be tasked with increasing the capacity of childcare providers. Nevada needs a central location, overseeing childcare and ensuring Nevada families have accessible, affordable childcare in their neighborhood.

Wonderschool's top priority recommendation is to create a new supply, which can be addressed with tech and strategy. Like many other states Wonderschool works in, and according to many studies, we know that there are thousands of Nevadans who need access to childcare, but they make too much to qualify for subsidy. Recruiting more providers who are great at providing childcare but need support in running the best childcare business they can, and helping them get through the difficult licensing process, will be an important part of giving more of the workforce access to childcare in Nevada. We would also love to see streamlined licensing and a more robust childcare finder for Nevada families.

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Chair Mosca:
Is there anyone else wishing to provide public comment [There was no one.] With that, this meeting is adjourned [at 9:30 a.m.].

RESPECTFULLY SUBMITTED:

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Jake Matthews
Committee Secretary

APPROVED BY:

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Assemblymember Erica Mosca, Chair

DATE: ____________________________

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Senator Rochelle T. Nguyen, Chair

DATE: _____

EXHIBITS

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Robert Thompson, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services	2025-2027 Biennium Budget Presentation