The meeting of the Legislative Commission’s Budget Subcommittee was called to order by Chair Morse Arberry Jr. at 8:46 a.m. on Friday, January 23, 2009, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 55 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature’s website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau’s Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Assemblyman Morse Arberry Jr., Chair  
Assemblywoman Sheila Leslie, Vice Chair  
Assemblywoman Barbara E. Buckley  
Assemblyman Marcus Conklin  
Assemblyman Mo Denis  
Assemblywoman Heidi S. Gansert  
Assemblyman Pete Goicoechea  
Assemblyman Tom Grady  
Assemblyman Joseph (Joe) P. Hardy  
Assemblyman Joseph M. Hogan  
Assemblywoman Ellen Koivisto  
Assemblywoman Kathy McClain  
Assemblyman John Oceguera  
Assemblywoman Debbie Smith

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Bernice Mathews, Cochair  
Senator Steven A. Horsford, Cochair  
Senator Bob Coffin  
Senator Warren B. Hardy II  
Senator William J. Raggio  
Senator Dean A. Rhoads  
Senator Joyce L. Woodhouse

**STAFF MEMBERS PRESENT:**

Mark Stevens, Assembly Fiscal Analyst  
Gary Ghiggeri, Senate Fiscal Analyst  
Steve Abba, Principal Deputy Fiscal Analyst  
Brian Burke, Principal Deputy Fiscal Analyst  
Tracy Raxter, Principal Deputy Fiscal Analyst  
Carol Thomsen, Committee Secretary  
Vickie Kleffer, Committee Assistant
Chair Arberry announced that the Subcommittee would commence with the budget overview for the Department of Health and Human Services (DHHS), Director’s Office.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**BUDGET PAGE DHHS DIRECTOR’S OFFICE 1-53 AND AGING 37-63**

Michael Willden, Director, DHHS, introduced Shawna DeRousse, Administrative Services Officer III; Mary Liveratti, Deputy Director, Programs; and Todd Butterworth, Chief, Office of Disability Services, to the Subcommittee, and indicated they would assist with the budget presentation.

Mr. Willden stated that he would briefly address such issues as budget cuts, pending major issues, goals going forward and organizational structural issues, which he felt should come to the attention of the Subcommittee.

Mr. Willden began by thanking the staff of DHHS and opined that his staff was one of the best in state government. The last two years had been very difficult for DHHS because of budget cuts, which required DHHS to pare back approximately $280 million in General Fund revenue over the past year. Mr. Willden indicated that the Department’s administrative staff had been very creative in making the necessary budget cuts. The rank and file staff members were currently handling 25 percent to 30 percent more work because 16 percent of their coworkers had been laid off or because vacant positions had been frozen. Mr. Willden emphasized that he was proud that DHHS staff had done their best under difficult conditions.

The budget for DHHS often appeared to have no rhyme or logic, but Mr. Willden explained that there were several tenets followed by DHHS when building its budget:

1. DHHS first reviewed federal and state mandates.
2. DHHS closely monitored and evaluated lawsuits or threats of lawsuits. Many times the decisions and/or lawsuits were ongoing, such as the provisions of the Olmstead Decision, various local child welfare lawsuits, and various case processing lawsuits, which often affected the Department’s ability to reduce services or depicted the need to grow or maintain services.
3. DHHS prioritized by reviewing optional services versus mandatory services in programs such as Medicaid, which contained optional services such as pharmacy.
4. DHHS closely monitored caseloads and spent a great deal of time analyzing the wait lists. The Department also reviewed employment and unemployment trends.
5. DHHS followed the philosophy that the lowest income families should be the first served. Many programs were tiered according to the lowest poverty level with options to move up the poverty scale.
6. DHHS searched for efficiencies whenever possible and attempted to leverage every available federal dollar.

Mr. Willden stated that the Department’s overriding philosophy was to do the least possible harm to the persons it served, and he reiterated that he was very proud of the Department’s staff.

Directing the Subcommittee’s attention to Exhibit C entitled “Department of Health and Human Services - Presentation to the Legislative Commission’s Budget Subcommittee - January 23, 2009,” Mr. Willden said he would review
the exhibit and would then ask Ms. DeRousse to present the specific budget for the Director's Office.

Mr. Willden noted that the exhibit tab entitled "Organizational Charts" depicted the chart for the Department of Health and Human Services (DHHS), which was currently authorized 5,360 full-time equivalent (FTE) positions, of which 840 were vacant, representing a 16 percent vacancy rate. If approved, The Executive Budget recommended an additional 142 FTEs. Mr. Willden pointed out that the chart also depicted the FTEs for each division, including increases and decreases as follows:

- The Division for Aging and Disability Services would have about 199 FTEs.
- The FTEs for the Division of Child and Family Services would decrease by 59 positions based on a proposed downsizing in the bed capacity at juvenile justice facilities.
- The FTEs for the Health Division would decrease by 34 positions based on a major reorganization.
- The FTEs for the Division of Mental Health and Developmental Services would decrease by 230 positions based on staffing ratios in the Department's psychiatric facilities.
- The FTEs for the Division of Welfare and Supportive Services would increase by 464 positions based on caseload growth.
- The FTEs for the Division of Health Care Financing and Policy would remain stable at 273 positions.

According to Mr. Willden, the chart also included boxes that depicted organizational changes. The DHHS planned to consolidate the Division for Aging Services and the Office of Disability Services to create a Division for Aging and Disability Services. The Senior Rx and the Disability Rx programs would be transferred from the Director's Office to the newly proposed Division for Aging and Disability Services.

Mr. Willden explained that Richard Whitley, Administrator, Health Division, had reorganized many of the services within that Division and created new bureaus or offices, which he would explain to the Subcommittee during his budget overview.

Per Mr. Willden, the "Organizational Charts" tab within Exhibit C also contained the chart for the Director's Office.

Continuing his presentation, Mr. Willden called the Subcommittee's attention to the tab entitled "Fiscal Overview" (Exhibit C, page 3), which contained a spreadsheet prepared by the Budget Division. The Department's share of the General Fund budget was approximately 32.6 percent of the total budget. The amount of General Fund dollars recommended for Human Services was $944,818,876 in FY 2010 and $1,063,535,663 in FY 2011, for a total of $2,008,354,539, which made up the Department's 32.6 percent share of the budget.

Mr. Willden stated that the spreadsheet on page 4 of the exhibit included the recommended General Fund appropriation of $2,008,354,539, which included a 4.2 percent increase of $81,345,811 over the amount for the current 2007-2009 biennium. He believed DHHS was the only agency recommended for an increase in General Fund appropriation.
Mr. Willden indicated that pages 5, 6, 7, and 8 under the "Fiscal Overview" tab contained pie charts; the chart on page 5 contained a breakdown that depicted how DHHS would distribute the General Fund appropriation. Mr. Willden pointed out that the lion’s share of the appropriation would be distributed to the Division of Health Care Financing and Policy (HCFP). He advised the Subcommittee that the administrators of the various divisions within the DHHS would come forward to explain their "piece of the pie."

The pie charts on pages 6 and 7 depicted a breakdown of revenues and expenditures for the Department, and Mr. Willden explained that the chart on page 7 depicted all funding for the Department: General Fund appropriation, federal dollars, fees, and other revenues. The total budget for DHHS would be $5,570,460,339 over the upcoming biennium. Mr. Willden pointed out that the pie charts on page 8 of the exhibit described how the funding would be disbursed in each year of the biennium.

Mr. Willden reported that page 9 through page 19 of Exhibit C contained the DHHS budget highlights for the 2009-2011 biennium. There would be significant caseload growth over the biennium and the cuts made in the Medicaid program during FY 2008-09 would be carried forward. The budget also contained significant federal matching dollars from such sources as the Federal Medical Assistance Percentage (FMAP), from which the DHHS was expecting to receive approximately $108 million over the biennium. Mr. Willden said the Department had been closely monitoring FMAP funding, and there had been some indication that DHHS might receive additional funding.

According to Mr. Willden, the hospital rate reduction of 5 percent made during FY 2008-09 would be carried forward, and the DHHS anticipated an additional 5 percent cut to that rate.

There was a great deal of controversy over the Indigent Supplemental Account (ISA), from which the funding had been "swept" or withdrawn in FY 2009 and used to match federal dollars in the Medicaid program. Mr. Willden informed the Committee that the ISA funds would again be withdrawn in FY 2010-11 and would be hardwired into the Medicaid program to assist with the state's match of federal dollars.

Mr. Willden stated that funding growth was predicted within the Division of Child and Family Services (DCFS). There would be growth in adoption subsidies, additional funding for rate increases for children who required higher levels of care, and funding for additional staff to address the increase in foster care caseloads.

Mr. Willden stated that one of the negatives within the DCFS was the decrease of approximately 100 juvenile justice beds at the Summit View Facility and the facilities in Elko and Caliente. The Division had actually closed housing units at those facilities during FY 2008-09, and those savings would be carried forward into the 2009-2011 biennium.

Major issues facing the Health Division included reorganization of the radiologist health staff into the Bureau of Health Care Quality and Radiation Compliance, and the increase in staff for the proposed Bureau of Health Care Quality [formerly the Bureau of Licensure and Certification] to assist with licensing, complaint review, and resurvey of health facilities.
Mr. Willden pointed out that there would be a substantial increase in funding for Early Intervention Services, which served children from birth to age 3 who suffered from developmental delays. Approximately $9 million in new General Fund dollars would be added to serve that population and deal with the wait list.

Mr. Willden indicated that the budget for the Division of Welfare and Supportive Services (DWSS) included substantial caseload growth, which would be explained to the Subcommittee by the administrator of the DWSS.

According to Mr. Willden, the Division of Mental Health and Developmental Services (MHDS) included two major issues: (1) the elimination of staff to accommodate budget cuts; and (2) the substantial decrease in funding for the medication clinics based on improved management, better inventory control, and increased free medications. The administrator of MHDS would provide additional information to the Subcommittee regarding those issues.

Continuing his presentation, Mr. Willden referenced the tab within \textit{Exhibit C} entitled "Caseload Charts" and stated that the chart on page 20 was very informational. That chart explained that the DHHS received a substantial share of the budget based on mandatory caseload drivers that determined the dollars needed. The DHHS budget included $273 million in General Fund dollars simply to deal with caseload drivers.

Mr. Willden stated that the budget for the DHHS was built around a base budget, mandatory caseload drivers, and decision units that either enhanced or decreased the budget. He went on to explain the General Fund impact of the various programs listed on page 20 (\textit{Exhibit C}), all of which included caseload growth.

Chair Arberry noted that the downturn in the economy drove caseload growth, and he asked about the turnaround time for families seeking assistance in programs such as food stamps based on the decrease in staff proposed by the DHHS.

Mr. Willden replied that the DHHS was experiencing growing wait lists and wait times in many of the programs. For example, the federal government had recently reviewed the Department's Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, and the consensus was that 95 percent of the cases should be processed in a timely manner—approximately 30 days. Mr. Willden reported that the DHHS processed only 85 percent of cases within 30 days, and quite frequently clients experienced a wait time in offices of two to three hours before being interviewed by a staff member. That was the reason the division budgets contained requests for substantial increases in positions. Mr. Willden pointed out that there was a 17-year-old federal case processing lawsuit still pending, and the DHHS remained under threat of federal court oversight.

Mr. Willden emphasized that the Department needed to make improvements and had submitted a major technology improvement request that would be discussed by the administrator of the DWSS. The proposed program would provide client access to a web-based application system.

Chairman Arberry asked whether there was an emergency process in place that could be accessed by persons in need. Mr. Willden replied that there was a process for expedited services for qualified clients. The DHHS was in the
process of rehiring eligibility workers; during FY 2008-09 the Department held off hiring workers because of budget constraints.

Continuing his presentation, Mr. Willden referenced pages 21, 22, and 23 of Exhibit C which contained the following graphs:

- Temporary Assistance for Needy Families (TANF) – actuals, cash projections and FY 2008 and FY 2009 legislatively approved;
- Total Medicaid with Retro – actual caseload with retro, projected caseload with retro, and FY 2008 and FY 2009 legislatively approved;
- Supplemental Nutrition Assistance Program (SNAP) – actual persons, projected persons and FY 2008 and FY 2009 legislatively approved.

Mr. Willden explained that the TANF projections appeared to be quite high, but the drivers for caseload growth within that budget were based largely on employment and/or unemployment rates. He noted that projections within the Medicaid and SNAP programs were also high. Nevada had the fourth fastest growing food stamp program in the nation, which was quite telling.

Mr. Willden indicated that the tab within Exhibit C entitled "NAH Scorecard" was self-explanatory. The DHHS was very proud of its scorecard of health indicators from the Nevada Academy of Health, which was created by Senate Bill No. 171 of the 74th Legislative Session. Mr. Willden said the information indicated how Nevada ranked nationally among states in a number of indicators:

- Health Care Finance and Expenditures
- Health Care Workforce
- Health Care Access and Capacity
- Health Care Quality
- Maternal and Child Health
- Minority Health Disparities
- Health and Well-being

Mr. Willden explained how the grading system was used to depict whether the Department’s performance had improved, gotten worse, or stayed the same.

Mr. Willden called the Subcommittee's attention to the tab "Quick Facts," (Exhibit C) and explained that while the exhibit contained only seven charts, there were over 100 charts available on the Department’s website that provided a quick snapshot of the programs administered by the DHHS. The charts provided basic facts about the programs such as eligibility, hours of service, agencies that partnered with the DHHS in the programs, and the workload and caseload history.

The exhibit also contained a list of the bill draft requests (BDRs) submitted by the DHHS under the tab "BDRs." Mr. Willden explained that there were 14 policy bills and 8 budget bills that would come before the Legislature to assist with budget implementation. There were also supplemental appropriations of approximately $13 million for child welfare and approximately $31 million for the Medicaid program that were needed by DHHS for FY 2009.

Mr. Willden referenced Exhibit D entitled "Nevada Department of Health and Human Services, Summary, Department-Wide Budget Cuts, Fiscal Years 2008 and 2009," which contained spreadsheets that identified the General Fund work programs submitted by the DHHS to comply with budget cuts.
Information regarding budget cuts was also included on pages 58, 59, and 60 of Exhibit C under the tab “Summary of FY08/FY09 cuts.” Mr. Willden stated that information included the rounds of budget cuts made by the DHHS, beginning with the first 4.5 percent cut and the cuts approved by both the 24th and 25th Special Legislative Sessions.

Mr. Willden said that concluded his portion of the budget presentation and Ms. DeRousse would present the budget for the Director's Office, DHHS.

Assemblywoman Leslie thanked Mr. Willden for his presentation and noted that Exhibit C was a very valuable document for legislators. She voiced concerns regarding the proposed capping of the Nevada Check Up program, the reductions in juvenile justice beds, the reduction in substance abuse treatment programs, and the reduction in rates for hospitals in the Medicaid program along with other budget cuts. Assemblywoman Leslie hoped that everyone would take the FY 2008-09 budget cuts into consideration, which would continue going forward. It appeared that the reason for the increase in overall funding was caseload-driven and mandated by such programs as Medicaid and TANF and the increase was also tied to the state of the economy. Assemblywoman Leslie opined that the situation was not good, but she realized it could be worse.

Mr. Willden pointed out that caseload drivers accounted for approximately $273 million in General Fund appropriations. The table on page 4 of Exhibit C depicted a 4.2 percent increase in General Fund dollars for the 2009-2011 biennium, but negative decision units were also included within the overall budget to adjust for caseload growth. Those decision units included cuts in hospital rates, capping of the Nevada Check Up program and downsizing rural clinics by approximately 50 percent.

Assemblywoman Leslie wanted all Subcommittee members to be aware that the budget constraints faced by the DHHS were “not good,” but hopefully Mr. Willden could assist the money committees as members made their way through the cuts to services. She commented that it was a very depressing day for opening budget remarks for the DHHS.

Mr. Willden agreed, but given the economic situation he was happy that the DHHS had made some progress, even though it had lost some major programs. He was hopeful that the situation would improve, and that the DHHS could again offer a full array of programs. His commitment was to work to find all possible avenues of funding in an attempt to maintain the programs.

Assemblyman Hardy asked about the federal Disproportionate Share Hospital (DSH) payment program and how those payments were dispersed to hospitals. His understanding was that the state was at the cap of $45 million dollars that could be accepted, and the cap would need to be increased.

Mr. Willden reported that, unfortunately, the DSH payment program would undoubtedly need to be addressed. He said “unfortunately” because each time the issue was discussed a battle ensued regarding how the payments should be distributed to the various hospitals. He believed that the new FMAP rate and the anticipated action by Congress might impact DSH. Mr. Willden concurred that there was a federal limit on DSH funding to states, and the distribution of DSH payments to hospitals was always a battle to determine which hospitals should receive payments. The auditors for the DHHS had reviewed the Nevada Revised Statutes (NRS) pertinent to DSH payments, and the suggestion was that some changes should be made. Mr. Willden assured the
Subcommittee that the DHHS would be addressing the DSH payment program. He explained that DSH funding was paid to hospitals that provided a disproportionate amount of services to indigent or low-income families.

Assemblyman Grady noted that during the 25th Special Legislative Session there was discussion about transferring funding from the Indigent Supplemental Account (ISA) to the General Fund. At that time, the understanding was that ISA funding would be withdrawn for FY 2009 and Mr. Willden's comment was that the ISA payments would not be withdrawn during the 2009-2011 biennium. However, it now appeared that the funding would again be withdrawn. Assemblyman Grady asked whether the DHHS had discussed the matter with the counties that would be affected, or would the action simply be unilateral without input from the counties.

Mr. Willden said he had discussed the situation with Jeffrey Fontaine, Executive Director of the Nevada Association of Counties (NACO), and Robert Hadfield, a consultant with NACO, on several occasions. He indicated that he had also participated in conference calls with the human service directors of the various counties, but he had not discussed the issue with many of the county commissioners. Mr. Willden indicated that he was aware that county commissioners had met with the Governor to present their concerns. He was very aware of the problems and that county commissioners did not want the state to withdraw the dollars from the ISA in the 2009-2011 biennium: commissioners believed that funding should be used as stated in the NRS. Mr. Willden advised that in order to make the necessary cuts, the DHHS was using a "patchwork quilt" approach to its budget process.

According to Mr. Willden, the Spending and Government Efficiency (SAGE) Commission's recommendation came about based on his recommendation that the state would work with the counties to discover ways to leverage additional federal dollars. However, that had not yet been accomplished because the DHHS was still plugging "holes" to find General Fund dollars to match federal dollars in the existing Medicaid program. Mr. Willden advised that the DHHS had not yet reached the step of matching or leveraging new federal dollars for the 2009-2011 biennium.

Assemblywoman Buckley voiced concern about the proposed cut in Medicaid reimbursements to hospitals and said the extra 5 percent reduction could cause hospital closures. The pediatric rate reductions were causing children not to be eligible for surgery. Assemblywoman Buckley stated she had met with mental health providers who indicated they would be unable to continue to treat abused children because of the rate reductions. Her comment was "the system is collapsing" and she did not believe that the Legislature could implement a further cut to Medicaid reimbursement without a collapse of the system, such as hospital closures, abused children not being served, and children with heart problems not able to get surgery. Assemblywoman Buckley indicated that it seemed to her that the Legislature would need to devise other solutions and she would be asking additional questions at upcoming meetings. Assemblywoman Buckley believed that the Legislature should move in the opposite direction and ease off the pediatric rate cut, perhaps compromising on the percentage of the cut.

Assemblywoman Buckley reiterated that she feared for the state's children. There were children currently in foster care who were being harmed because of the 5 percent rate cut, and she could not imagine what a 10 percent cut would mean to those children.
Mr. Willden said that Charles Duarte, Administrator, Division of Health Care Financing and Policy, would address the proposed rate cuts at the Subcommittee's upcoming meeting on January 26, 2009. The DHHS was currently monitoring access issues on a daily basis and would report on what it had observed. The DHHS also had concerns that deeper cuts would cause access issues.

Assemblyman Goicoechea stated that there seemed to be a misconception about the action of the 25th Special Legislative Session that in the event there was no money in the ISA, the hospitals would go unpaid. He said it was his understanding, having served as a county commissioner for many years, that hospital bills would be incurred and the liability would fall on the county, particularly those counties in which an accident occurred.

Mr. Willden said that Assemblyman Goicoechea had asked the question during the 25th Special Legislative Session regarding whether the NRS contained language that relieved the counties of the liability of payment for indigent accidents, and he did not believe there had been legislative action that relieved the counties of that liability. Therefore, the answer was apparently "yes" that the liability would remain with the counties.

Assemblyman Goicoechea believed that what was being said by withdrawal of the funding in the ISA over the upcoming biennium was that the ad valorem tax funding would be taken from the counties and committed to a state program, and yet the counties would shoulder the liability for accidents that occurred in their jurisdiction.

Mr. Willden believed that was how the NRS would read without modification. If the funding in the ISA continued to be withdrawn, then the liability to the counties should be reviewed. Assemblyman Goicoechea said in that case, his advice to the counties would be not to forward the ad valorem tax dollars to the state. Mr. Willden advised that the ISA dollars in the 2009-2011 biennium would amount to approximately $55 million in state matching funds that would be used to leverage $55 million to $60 million in federal funds. If the matching money was not available, it would necessitate a reduction of $110 million in the Medicaid budget. Mr. Willden remarked that there were many "holes" that had to be addressed in the very complex funding process.

Assemblyman Goicoechea said he agreed with leveraging federal funding, but he did not believe the counties could afford such exposure.

Assemblywoman Buckley asked Mr. Willden to provide a single document that depicted the cumulative impact of such action on local governments. It was one thing to withdraw funding from the ISA once, but it appeared that would continue in future years, along with the DSH payment reductions and Medicaid reductions. That meant county hospitals would continue to suffer because of the reductions. Assemblywoman Buckley said there was one issue layered on top of another, including withdrawing the ISA and taking property tax from Clark and Washoe Counties. She reported that she would like to have one document that provided information about the cumulative effect of such budget decisions on the counties. She suggested that the Budget Division could assist Mr. Willden with that document. Mr. Willden stated that the DHHS would prepare such a document for the Subcommittee.

Mr. Willden introduced Shawna DeRousse, Administrative Services Officer III, DHHS, to the Subcommittee and stated she would review the proposed budget for the Director's Office as depicted in Exhibit C, beginning on page 61.
Ms. DeRousse indicated that the funding for BA 1499, Public Defender, was split 25 percent General Fund and 75 percent county fees. The main issue for the budget account for the next biennium was compliance with the caseload ratio in Nevada Supreme Court Order ADKT 411. The Order indicated that additional training and positions were needed and caseload ratios needed to be reduced. The budget included decision units maintenance (M)504, M505, and M506, which requested the funding to comply with the aforementioned Supreme Court Order.

Ms. DeRousse stated that BA 2600, Indian Affairs Commission, was funded 100 percent with General Fund dollars. The budget cuts had been fairly harsh in BA 2600 because it was such a small account. The DHHS had cut approximately $25,000 per year from the account, excluding all in-state and out-of-state travel, and had cut a large portion of operating and information technology funding. The DHHS had cut the executive director's position down to 0.85 FTE in FY 2010 and 0.83 FTE in FY 2011. The DHHS was not able to fully fund even the two staff members in BA 2600.

Assemblywoman Leslie asked whether the cuts meant that the commissioners could not get together for meetings. Ms. DeRousse said that during FY 2008-09 the DHHS cut the commission meetings down to two per year rather than four as required by NRS. Assemblywoman Leslie pointed out that the in-state travel had been cut. Ms. DeRousse said that the DHHS had not been able to pay the commissioners for attending meetings and some chose not to ask for reimbursement. Removal of all in-state and out-of-state travel funding in the 2009-2011 biennium would mean that the DHHS could not reimburse members for attending meetings. Assemblywoman Leslie opined that the cuts to BA 2600 were to the point that the Commission could no longer function, and she believed the cuts went "beyond the bone."

Ms. DeRousse advised that there were new funding sources under review. The Director's Office had received a tribal grant and it was possible that funding from that grant could be used to make the executive director's position full-time and provide some travel funds. However, until those sources were concrete, the budget cuts would remain in effect.

Ms. DeRousse explained that no new programs were being requested in BA 3150, Administration, and there was a reduction in FTE positions of 1.5. A part-time administrative assistant for the Head Start Program would be eliminated. That program was federally funded and over the past few years the position had not been funded because the grant had not grown with the expenditures. Because the position had been vacant for the past 18 months, the DHHS chose to cut the position.

The second FTE reduction was an auditor II position in decision unit E606. Ms. DeRousse explained that the position was funded 50 percent through tobacco funding and 50 percent through a cost allocation to the Grants Management Unit. The Senior Rx and Disability Rx program would be transferred to the newly proposed Division for Aging and Disability Services and that Division had its own auditor. Therefore, said Ms. DeRousse, when the auditor position in decision unit E606 became vacant, the decision was made to eliminate the position. The Grants Management Unit would continue to provide audits through use of outside sources.

Ms. DeRousse indicated that the funding for the suicide hotline would be transferred from the budget for the Division of Mental Health and Disability Services to the Director's Office. This transfer was requested because the
Office of Suicide Prevention was within the Director’s Office and it would be a better fit for those program dollars.

According to Ms. DeRousse, the funding for the 2-1-1 line would be eliminated for the 2009-2011 biennium as part of the overall budget cuts for the DHHS. The 2-1-1 program received funds from several other funding sources in FY 2009, which would continue into the next biennium. The funding should be available through other sources.

Should funding not become available from the other funding sources, Senator Horsford asked whether there would be an allocation from the state to support the 2-1-1 program.

Mary Liveratti, Deputy Director, Programs, DHHS, reported that no state funding would be available for the 2-1-1 line. However, the United Way was currently funding a statewide coordinator position for the DHHS and one of the coordinator’s primary duties was fundraising and grant-writing. Ms. Liveratti said the DHHS would like the 2-1-1 line to operate on a 24/7 basis: it currently operated on a scaled-back, 16-hour-day, Monday through Friday and 8 hours on Saturday and Sunday. Ms. Liveratti reiterated that there would be no General Fund support for the 2-1-1 program in the budget for the 2009-2011 biennium.

Senator Horsford asked that the Department keep the Legislature informed of the status of the 2-1-1 program. He supported the grant-writing effort because of the possibility of additional funding for the program. Senator Horsford pointed out that the state had expended a great deal of effort in creation of the 2-1-1 program, and if the resource was lost because funding was not available, the state would have to start over from scratch. Ms. Liveratti indicated that the DHHS would keep the Legislature informed of the status of the 2-1-1 program.

Assemblyman Denis asked how the 2-1-1 program had functioned over the past two years. Ms. Liveratti stated that page 70 of Exhibit C contained a graph of the 2-1-1 quarterly call volume, which had increased to over 60,000 calls during the past year. The line had only been operational for two years, and the DHHS had marketed the program. Ms. Liveratti indicated that after a television program about methamphetamine use, extra operators were available, and several hundred calls were received as a result of the program.

Assemblyman Denis said that the program was heavily used by his constituents and the need was increasing. He also believed that the program should operate on a 24/7 basis. Ms. Liveratti explained that the DHHS partnered with the rapid response centers in Clark County to ensure that there was an easy number available for persons who needed immediate access to information about food stamps, rent assistance, and employment.

Assemblywoman Buckley did not think the state could afford to cut the funding to the 2-1-1 program at a time when it was so desperately needed. She pointed out that the Governor’s Office recently offered a website for assistance with foreclosures that required persons to call 2-1-1. It was suggested that the 2-1-1 line not be flooded and that calls should be directed to the organization that would ultimately handle the calls about foreclosures. However, said Assemblywoman Buckley, the Governor’s Office indicated that it needed to support the 2-1-1 program, but now it appeared that the state was going to eliminate funding for the program, which made no sense. Assemblywoman Buckley was pleased that there was a grant writer at the DHHS, but as the director of a non-profit organization, she believed it was the
worst time to ask for grants from private industry, which had never suffered more.

Assemblywoman Buckley stated that one of the key attributes of the 2-1-1 program was that it was a public/private partnership with state and community partners working together. By eliminating its portion of funding, the state sent a message to its community partners that when times were tough and the 2-1-1 program was receiving a large volume of calls, the state was going to "pull the rug out from under the program." Assemblywoman Buckley stated that she did not see how the state could create a wonderful new program and then cease to fund that program at a time when it was most needed, particularly when the funding was only $200,000.

Ms. Liveratti reported that she was a major proponent for the 2-1-1 program, but when the DHHS reviewed priorities and had to make cuts, the funding for the 2-1-1 program was cut. She agreed that it was a vital service, and the DHHS was very proud of the program. Assemblywoman Buckley stated that she was aware that the DHHS had to prioritize, but perhaps a different choice could be made.

Mr. Willden stated that the DHHS would provide a funding matrix to the money committees during future subcommittee meetings. He thought there might be extra Title XX money and perhaps tobacco funds available that could be used for the program; the matrix would depict the total funding picture. Mr. Willden was hopeful that funding for the 2-1-1 program could remain whole.

Continuing her presentation, Ms. DeRousse reported that as previously stated the Senior Rx and Disability Rx programs would be transferred to the proposed Division for Aging and Disability Services. The remaining funding in BA 3261, Healthy Nevada Fund, was passed through the account into the Grants Management Unit, BA 3195, to fund tobacco settlement funded program activities.

Ms. DeRousse stated that the remaining expenditures in BA 3261 were related to the operation of the Senior Rx and Disability Rx programs. There were several decision units in the budget account that would accomplish the transfer of the positions and cost allocation:

- M101 provided for inflation of medication costs over the biennium. The inflation had been calculated at an anticipated 5.7 percent per each year of the biennium.
- M200 requested funding for projected caseload increases of 4.65 percent in FY 2010 and an additional 4.4 percent in FY 2011 for the Senior Rx program. The increase for the Disability Rx program was calculated at 4.78 percent in each year of the biennium.

Ms. DeRousse advised that the estimates for inflation had been calculated based on the state demographer’s forecast.

In FY 2008-09, the dual-eligible copays were originally budgeted for payment from the General Fund. Ms. DeRousse stated that with the advent of budget cuts, DHHS eliminated the $221,198 General Fund and used tobacco funding to pay those costs. The same plan continued for the 2009-2011 biennium.
Senator Horsford asked for clarification regarding the original use of the tobacco funding. Ms. DeRousse explained that the tobacco funding being used in the Senior Rx and Disability Rx programs was used to assist seniors in the programs with premium payments, premium subsidies, and pharmacy payments.

Mr. Willden explained that in FY 2009, the DHHS withdrew approximately $13 million from the Senior Rx account to help with the General Fund shortfall. Switching the programs from General Fund to tobacco funding decreased the program’s ability to expand further into vision, dental and other types of services. Mr. Willden said the Senior Rx program was basically providing senior pharmacy services and vision services; there was legislation on the books that indicated the DHHS should expand the Senior Rx program to include other services, but there were less tobacco dollars available for expansion of services.

Assemblyman Hardy asked whether the funding that was withdrawn from the Senior Rx program was used to leverage additional federal funding. Ms. Liveratti indicated that before Medicare Part D became available, Medicaid paid 100 percent of pharmacy costs for clients. However, a co-pay was now required under Part D for low-income residents, and the DHHS paid the co-pay costs under the Senior Rx and Disability Rx programs. Ms. Liveratti commented that co-pays had never been required for pharmacy, and the DHHS did not want that to be a deterrent to a client’s ability to access medications. While that was not leveraging federal dollars, it did allow clients to access medications without copay costs.

Continuing her budget presentation, Ms. DeRousse advised there was currently no waiting list for the Senior Rx and Disability Rx programs. An additional 74 clients could be added to the Senior Rx program and an additional 45 clients could be added to the Disability Rx program at the present time.

Ms. DeRousse said there were no new programs in BA 3195, Grants Management Unit. Page 71 of Exhibit C depicted a spreadsheet for Title XX funding for fiscal years 2009, 2010, and 2011. Ms. DeRousse pointed out that the funding remained similar throughout those years.

Ms. DeRousse indicated that decision unit Enhancement (E)325 addressed the increase of Title XX funding for non-state subgrants to 10 percent. Decision unit E326 was a request for $20,000 in each year of the biennium in Title XX funding to replace the funding from the Petroleum Overcharge Rebate program and fund a new subgrant to assist senior citizens in the Division for Aging and Disability Services.

Assemblywoman McClain asked for information about the Petroleum Overcharge Rebate program. Mr. Willden explained that in the past, the Office of Energy had allocated funding to the Division for Aging and Disability Services, and the Division then passed the funding through to local transportation programs to leverage federal dollars for transportation. The DHHS did not want the local grantees to be shorted the match money and would utilize Title XX funding to replace the funding from the Petroleum Overcharge Rebate program.

Ms. DeRousse explained that there were no changes in BA 3201, Children’s Trust Account, or BA 3200, Director’s Office – Problem Gambling. She stated that concluded her presentation.

Chairman Arberry recognized Todd Butterworth, Chief, Office of Disability Services.
Mr. Butterworth explained that BA 3154, Developmental Disabilities, provided support for the Governor's Nevada Council on Developmental Disabilities, which was 25 percent state-funded and 75 percent federally funded. The budget was status quo relative to the current biennium. Mr. Butterworth stated that the General Fund commitment was reduced by approximately $19,000 and one position was transferred to BA 3266.

Mr. Butterworth stated that BA 3266, Community Based Services, was the primary budget for the Office of Disability Services and was home to key programs such as Independent Living Services, Personal Assistance Services, and Traumatic Brain Injury Services.

Highlighting how the proposed budget would impact those key programs, Mr. Butterworth explained that the rates for Personal Assistance Services paid to provider agencies would be reduced from $18.50 to $15.52 per hour. That decrease was proposed in order to synchronize the state rates with the Medicaid rates, which had been cut. According to Mr. Butterworth, the lower pay rate would increase program capacity by 17 slots, but if the demand projections were correct, it might increase waiting time over the Olmstead Decision target of 90 days.

Assemblywoman Leslie said it was a sad statement that the state had to cut its rate as a result of budget reductions, and she asked what the effect of the rate reduction would be on the people who provided personal assistance services. She believed access to services would be problematic because the rate for providers was being reduced, along with a reduction in hours.

Mr. Butterworth advised the Subcommittee that he was very concerned about the cuts. The Personal Assistance Service program was administered on a statewide basis by the St. Mary's Foundation, which did a wonderful job of taking care of its workers. Mr. Butterworth said the Foundation indicated that its cost for salary and benefits for its workers was $16 per hour. The rate cut to $15.52 per hour meant that "something would have to give" because that rate would not cover the Foundation's administrative costs.

Assemblywoman Leslie wondered what would "have to give" and whether the Foundation would still be willing to provide the personal assistance service for the reduced rate. Mr. Butterworth said he did not have an answer to that question. Assemblywoman Leslie said the Foundation could not be expected to provide a service at a rate that was below its cost. Mr. Butterworth commented that the current rate of $18.50 per hour had been established in 2001 by the provider rates task force, so even that rate was somewhat obsolete.

Assemblywoman Leslie asked Mr. Butterworth to describe the type of services offered by the Personal Assistance Services program to Subcommittee members.

Mr. Butterworth explained that his brother had suffered from Multiple Sclerosis and passed away approximately ten years ago. His brother had been a recipient of the Personal Assistance Services program. The program provided essential services for his brother such as bathing, feeding, and toileting for four hours a day, and he provided care for the remainder of the day. Mr. Butterworth stated that the four hours per day of assistance care enabled him to continue working while still providing care for his brother. The service really made a difference for families. Mr. Butterworth stated that many Subcommittee members knew Paul Gowins, who had been a disability advocate for many
years, and who was a recipient of services under the Personal Assistance Services program, which had enabled him to work for the past approximately 20 years that he might not otherwise have been able to work.

Assemblywoman Leslie opined that there had to be a better way, even if that meant the rate reduction for Medicaid had to be restored to maintain the same provider pay rate throughout the programs.

Assemblywoman McClain asked Mr. Butterworth to explain the provisions of the Olmstead Decision to the Subcommittee.

Mr. Butterworth stated that the Olmstead Decision was a U.S. Supreme Court decision that was handed down in 1999 and basically said: 1) people with disabilities needed to be served in the most appropriate community-integrated setting; and 2) waiting lists for such services needed to move at a reasonable pace. The determination was made that 90 days was a reasonable timeframe for waiting lists and Mr. Butterworth indicated that the Office of Disability Services was continually targeting that 90-day wait list in the aforementioned key programs in every possible way.

Continuing his presentation, Mr. Butterworth said that the budget included additional funding for the Traumatic Brain Injury program and actually should eliminate the wait list and bring the wait time below the 90-day Olmstead target. The additional funding would increase service capacity from 42 people per year currently to 62 people per year in the new biennium.

The budget included substantial funding to reduce the waiting list in the Independent Living program. Mr. Butterworth reported that the budget improved program capacity from the current 150 people per year to 350 people per year in each year of the new biennium. The Office of Disability Services estimated that waiting times in the Independent Living program would be reduced by more than half.

Senator Mathews asked for clarification of the rate of $15.52 per hour, and whether that rate was paid to the agency that hired the workers for the Personal Assistance Services program, rather than the actual amount paid to the workers. That made a big difference to the worker’s wage and amounted to asking people to work for minimum wage. Senator Mathews was concerned that those people who most needed the services were the ones who would suffer by the rate cuts.

Mr. Butterworth indicated that the average rate paid to workers in the aforementioned three programs was $12 per hour for persons who worked at least 16 hours per week in providing services. He noted that wages were paid on a sliding scale and workers were also reimbursed for mileage. Off the top of his head, Mr. Butterworth thought the St. Mary’s Foundation was probably using about $2 per hour to administer the program, with the vast majority of the dollars being used to compensate the workers who were providing care.

Senator Mathews asked whether the workers would receive the entire rate of $15.52 per hour. Mr. Butterworth said he believed that of the current $18.50 rate, approximately $16 or $16.50 was being used to compensate workers. Senator Mathews asked for a breakdown of how the dollars that were paid to providers were dispersed. She believed that the provider agency would keep approximately 10 percent for administrative costs.
Mr. Butterworth thought that providers might keep more than 10 percent. He stated he would provide a breakdown of costs through the line-item budget for the programs.

Mr. Butterworth explained that BA 3276, IDEA Part C Compliance, provided the oversight component for the Early Intervention Services program. The budget was status quo and was 100 percent federally funded. Mr. Butterworth said there was a decision unit that enabled the agency to receive the entire federal grant and approximately 70 percent was passed through to the Health Division to provide early intervention services.

Assemblywoman Leslie asked whether all programs from the Office of Disability Services would be transferred to the newly proposed Division for Aging and Disability Services. Mr. Butterworth replied that was correct.

Mr. Willden stated that concluded the budget presentation for the Director’s Office, and Mr. Gilliland would present the budget for the Division of Welfare and Supportive Services (DWSS)

DIVISION OF WELFARE AND SUPPORTIVE SERVICES
BUDGET PAGE WELFARE 1-57

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services (DWSS), introduced Sue Smith, Acting Deputy Administrator, and Gary Stagliano, Deputy Administrator for Program and Field Operations to the Subcommittee.

Mr. Gilliland said that the mission statement for the DWSS was to provide quality, timely, and temporary services enabling Nevada families and the disabled elderly to achieve their highest levels of self-sufficiency. There were five primary areas of focus in the budget presentation for the DWSS:

1. Change in eligibility staffing that would be required to meet an approximately 45 percent projected increase in caseload.
2. Technology initiative that was designed to bring forth certain areas of improvement, which would pave the way toward the future, such as electronic application, document imaging, and workflow processing.
3. The Child Support Enforcement program.
4. Child care funding and the transition of grant funded positions from the University of Nevada, Las Vegas (UNLV) to FTE positions within the DWSS.
5. The Energy Assistance program.

Mr. Gilliland called the Subcommittee’s attention to Exhibit E "Nevada Department of Health and Human Services, Division of Welfare and Supportive Services, 2009-2011 Biennial Budget Overview," page 3, which depicted pie charts of the recommended funding sources. The Executive Budget recommended a General Fund appropriation of $75,640,365 for FY 2010 and an increase to $84,653,265 for FY 2011. One of the reasons for the increase in General Fund dollars in FY 2011 was that the DWSS would completely deplete the TANF federal grant dollars and would substitute General Fund dollars to meet the caseload increase.

Page 4 of the exhibit depicted key Nevada demographics. Mr. Gilliland said that Nevada had been one of the fastest growing states in rate of population growth, but the state had currently fallen to 8th place. The total population poverty rate in the State of Nevada was 9.7 percent, which ranked the state 35th in the
nation [measured from higher to lower rates]. Per Mr. Gilliland, more children lived in households headed by single parents in the State of Nevada, which ranked the state 36th in the nation [measured from lower to higher rates]. The State of Nevada was the fourth fastest growing state in participation in the Supplemental Nutrition Assistance Program (SNAP), being ranked 48th out of 51, with a 54 percent participation rate.

Mr. Gilliland indicated that page five of Exhibit E contained the primary organizational chart for the DWSS. He said that key staff members offering budget presentations throughout the session would be: Sue Smith, Acting Deputy Administrator; Gary Stagliano, Deputy Administrator, Program and Field Operations; David Stewart, Deputy Administrator, Information Systems; and Louise Bush, Chief, Child Support Enforcement.

In light of budget cuts, Mr. Gilliland wanted to personally acknowledge the staff of the DWSS organization for their work toward meeting the increased caseload needs of the citizens of the state during FY 2008-09. Mr. Gilliland said that DWSS staff had performed exemplary work in providing the necessary services. One of the keys to performance was that the DWSS was measured from a perspective of both timeliness and quality. With the knowledge that there was inadequate staff to fully meet all the needs, the focus was to maintain quality for each and every case. Mr. Gilliland indicated what had suffered over the past approximately 18 months was the timeliness.

The chart on page 6 of Exhibit E depicted the Temporary Assistance for Needy Families (TANF) cash caseload. Mr. Gilliland explained that one of the key elements in development of the caseload was a consensus in methodology between the economist in the Director's Office and the statistician in the DWSS. As a metric in determining caseload, the DWSS used the number of people employed in the State of Nevada as a percentage of the total population. Mr. Gilliland reported that made the DWSS consistent with the methodology used by the research group of the Employment Security Division. Other metrics that had been used included changes in caseload history on a quarter-by-quarter basis. Also, the DWSS had recently added a modifier that recognized the number of unprocessed applications because as the timeliness slipped, the number of unprocessed applications increased. Mr. Gilliland stated that the TANF caseload was currently 22,376 and was projected to increase to 29,689. As of December 2008, the current caseload had increased to 22,548 from 22,376.

Mr. Gilliland stated that the chart on page 7 of the exhibit depicted the total Medicaid caseload, which was projected to increase over the biennium to 234,000. In November 2008, the caseload was 191,412, which had increased to 194,876 in December 2008.

According to Mr. Gilliland, the fastest growing caseload on a month-to-month basis was the Supplemental Nutrition Assistance Program (SNAP). The caseload was 162,743 in October 2008 and had increased to 167,600 in December 2008. The DWSS was experiencing an approximately 3 percent month-to-month growth in the SNAP caseload.

Under the tab entitled "Federal Mandates" Mr. Gilliland explained that one of the key mandates from the perspective of both the federal government and the state was that the DWSS processed 95 percent of all applications for assistance within specific timeframes. For TANF, the specified timeframe was 45 days and for SNAP the timeframe was 7 days for expedited cases. Mr. Gilliland
clarified that an expedited case would be a person with liquid assets of less than $100 and an annual monthly income of less than $150. The normal processing timeframe for non-expedited SNAP cases was 30 days and the timeframe for Medicaid was 45 days.

Mr. Gilliland indicated that on January 16, 2009, he met with Dennis Stewart, Regional Director, SNAP, shortly after having submitted the annual response from the DWSS to the 2006 federal corrective action plan. He explained that in January of 2006 the federal government determined that the State of Nevada had fallen behind in its timeliness in processing cases, and the expectation was that the state would provide an annual update regarding how it was addressing that issue.

Mr. Gilliland said one area of concern to Mr. Stewart, in calendar year 2008, was that the DWSS had fallen 4 percent below its previous year’s timeliness percentage and was operating in the 80 percent range in processing non-expedited SNAP cases. From an expedited case standpoint, the DWSS processed 93 percent of those cases within the 7-day timeframe, but it was in the low 80 percent range for non-expedited cases. Mr. Gilliland said Mr. Stewart was concerned about Nevada’s response to the timeliness issue, and the DWSS was being monitored by the federal government regarding the timeliness of case processing.

On December 1, 2008, federal representatives visited the DWSS’s Flamingo District Office in Las Vegas. Mr. Gilliland said one of the concerns of the SNAP representatives was that the waiting time in the Flamingo office on that date was three hours. The SNAP representatives were concerned about accessibility for the citizens to the programs offered by the DWSS.

The second federal mandate was to meet or exceed quality control standards for accuracy of public assistance and child support casework. Mr. Gilliland reported that the DWSS had a 4.2 percent error rate for SNAP cases. That meant that for all applications processed, the DWSS had only a 4.2 percent error rate as compared to a national error rate of 4.7 percent. Mr. Gilliland stated that the federal government was very pleased with that error rate but was displeased with the timeliness issue.

The third mandate was to engage 50 percent of single parent and 90 percent of two parent TANF families in employment or training activities. Mr. Gilliland said that mandate was met by the New Employees of Nevada (NEON) project. The DWSS was barely meeting the 50 percent, single parent requirement, and in FY 2007 and FY 2008 it would fail the two parent rate and would be subject to potential federal penalties as result of that failure.

Another federal mandate was the performance of timely identification, establishment, and initiation of recovery actions of incorrectly paid program benefits. Mr. Gilliland said the DWSS had reported a corrective action plan to the federal government, and it appeared that the DWSS had improved its standing regarding that mandate.
Federal mandates also included the initiation of child support actions within 20 days after receipt of service application and the establishment of paternity for at least 90 percent of children who were receiving child support services and were born out of wedlock. Mr. Gilliland indicated that the DWSS was currently operating at approximately 81 percent in establishing paternity, which was below federal expectations. However, the DWSS had been meeting the requirement for a 2 percent year-by-year improvement.

Mr. Gilliland stated that the final mandate was to distribute child support payments within two days of state receipt. The DWSS was complying with that mandate by distributing 100 percent of payments within the first day of receipt by the state.

Continuing his presentation, Mr. Gilliland referenced page 15 of Exhibit E under the tab heading “Budget Highlights.” Mr. Gilliland stated that BA 3228, Welfare — Administration, funded administrative expenses and ensured public assistance programs were administered in accordance with federal and state regulations. The account also included the information services staff.

Caseload growth included an incremental staff increase of two quality control specialists and one hearing officer. However, under budget reductions, Mr. Gilliland noted that there was also the elimination of one quality control specialist. The DWSS would, therefore, net only one additional position. Mr. Gilliland said the staff increase was requested to review the quality of processed applications based on a 45 percent increase in caseload.

Mr. Gilliland stated there would be increases in operating and administrative costs associated with increased caseload in SNAP, TANF, and Medicaid eligibility. The most significant of those costs involved the electronic benefit transfer fees for SNAP. Mr. Gilliland indicated that food stamp benefits were paid 100 percent through federal funding, but the administrative portion of the cost was matched by 50 percent General Fund. One of the significant areas was the cost to electronically transfer the funds to the individual clients. The DWSS anticipated a $435,000 increase in FY 2010 and a $565,000 increase in FY 2011 to cover those fees.

According to Mr. Gilliland, the staffing request to implement the web-based interactive application consisted of nine additional information services staff positions. He explained that as the caseloads increased the DWSS had to review ways to expand the existing field service operations to increase the accessibility for citizens, and improve the efficiency and timeliness in processing applications. Also, said Mr. Gilliland, 13 information services contract staff would be converted to state employees. That change was designed to save approximately $700,000 over the biennium.

Mr. Gilliland noted that budget reductions eliminated 12 vacant positions: there would be no layoffs as a result of that action, but the eliminations would create a reduction in FTE positions. The budget reductions were designed to save approximately $1,400,000 over the biennium.

Addressing page 16 of Exhibit E, Mr. Gilliland referenced the Technology Investment Request (TIR), decision unit Enhancement (E)589. The project came about based on the 45 percent caseload growth, and the need for staff to address that caseload. Mr. Gilliland said the DWSS anticipated that the caseload growth would require an increased staff of 400 in field service operations. However, he did not feel he could request that number of additional staff while continuing to conduct “business as usual.” The DWSS also
reviewed ways to provide improved client services and increase employee efficiency through the introduction of a web-based interactive benefit application, document imaging, and improved system access.

When fully implemented, the enhancements were designed to improve employee efficiency by 20 percent, providing a $15 million to $16 million savings as a result of the changes. Mr. Gilliland indicated that the key elements of the technology and process enhancements included:

- Development of a web-based, interactive benefit application and self-service module.

Mr. Gilliland explained that Senate Bill (S.B.) 4 proposed an electronic application system for Medicaid and the Nevada Check Up program. The fiscal note for S.B. 4 requested approximately $1 million to accomplish that application. Mr. Gilliland stated that if the funding in the budget was approved for the proposed web-based interactive benefit application system for the DWSS, the approximately $1 million requested in S.B. 4 would not be necessary. He pointed out that for a minimal amount, the program proposed by the DWSS could be expanded to include Medicaid and the Nevada Check Up program.

Assemblywoman Leslie said the Legislature was interested in an electronic application system for the Medicaid, TANF and SNAP programs and had been pushing for such an application system for quite awhile. She said that Mr. Gilliland was indicating that if the application system requested by the DWSS was approved, it could also be used by the aforementioned programs. Mr. Gilliland reported that approval of the proposed technology system for the DWSS would provide access to the electronic application system for the Medicaid, TANF and SNAP programs.

Continuing his presentation, Mr. Gilliland listed other components of the technology and process enhancements:

- Implement document imaging to digitally scan documents and electronically route for processing.
- Introduce service-oriented architecture providing common presentation and retrieval overlay.

Mr. Gilliland stated those enhancements would provide a presentation for eligibility workers similar to "Windows," and the same basic operating systems that had been used would continue to be used in the background. The employees would have access to a far more efficient way to access the current applications.

Mr. Gilliland continued by noting an additional enhancement.

- Flatten security to allow statewide access and processing of regional activities.

Mr. Gilliland explained that if, for example, the DWSS experienced a sudden influx of applications in southern Nevada, the system would be designed in a manner that allowed eligibility staff in other areas of the state to assist with that sudden influx of applications.
Mr. Gilliland indicated that the technology process would allow the DWSS to fully utilize the Family Resource Centers (FRCs) to better connect the households in the state with the programs administered by the DWSS. That would increase the accessibility for citizens to the array of programs administered by the DWSS.

Assemblywoman Leslie asked whether the DWSS would provide technology for the FRCs. Mr. Gilliland said the FRCs would have access to the same electronic application that was available for citizens. Assemblywoman Leslie noted that the FRCs would have availability to the information if the centers had sufficient technological capacity. Mr. Gilliland said that might be the case, but he was not prepared to address that issue. Assemblywoman Leslie said those were the issues she would like to discuss in the future with persons from the FRCs. She did not think it would be beneficial to approve an electronic application system if the FRCs did not have the technology for persons to access the online application.

Mr. Gilliland stated that Assemblywoman Leslie had made a very important point because in order to access the electronic application, clearly a person would need access to a computer. The DWSS also planned to place computers for public use in the lobbies of its offices to assist people in accessing the electronic application. Mr. Gilliland said one advantage of the electronic application was that as a person went through the process, the electronic application would lead a person to the pertinent questions, unlike the lengthy application currently in use.

Assemblywoman Leslie indicated that she was very supportive of an electronic application program, but introducing the technology into the communities and FRCs would not be an easy task. She believed that access within the community through the FRCs would be the right place, but it might not be as easy as everyone thought. Assemblywoman Leslie suggested that the DWSS survey the FRCs to determine whether those facilities had the appropriate technology to support an electronic application.

Senator Horsford voiced his support of an electronic application program. He asked whether the DWSS was working to develop projections regarding the number of eligible persons who would ultimately access the application and whether those projections were included in the budget. Mr. Gilliland said the budget had not considered increased accessibility in the caseload projections for the DWSS. There was a possibility that the caseload could be even higher as the DWSS enhanced accessibility.

Senator Horsford asked Mr. Gilliland whether the DWSS had the internal capability to develop projections about the potential impact of an electronic application system. Mr. Gilliland believed that the economist and statistician for the DWSS could add metrics to factor in the increased accessibility and use of the electronic application system. One of the key areas would be in SNAP, where there was a very low penetration rate throughout the state. Mr. Gilliland assured Senator Horsford that the DWSS would review the issue.

Continuing his presentation, Mr. Gilliland said one of the keys to the success of the technology project was that DWSS would deploy a dedicated project manager and staff who were focused on successful implementation. In the past, when the day-to-day activities of the technology initiatives and enhancements were reviewed, it took the focus away from the enhancement. Mr. Gilliland believed that the DWSS needed staff that was focused on completing the electronic application system.
Mr. Gilliland said some of the indirect benefits included: (1) improved client services and accessibility; (2) reduced exposure to federal sanctions and penalty exposure, estimated to potentially represent $5 million per year; and (3) improved utilization of community partners and expanded program accessibility for citizens.

Senator Horsford asked that Mr. Gilliland provide information that identified the specific areas where the DWSS might suffer federal sanctions. He believed those areas should be identified and that the DWSS should work with Nevada's federal delegation, particularly at the present time, and determine whether there were ways in which Nevada could receive waivers or extensions. The General Fund dollars used to address federal sanctions could be better directed toward improving the service delivery areas to avoid further sanctions. Senator Horsford also asked that the DWSS identify the cost for each potential sanction.

Mr. Gilliland said the DWSS had prepared a schedule that identified approximately $14 million in penalties, and he would provide the schedule to the Subcommittee.

Assemblywoman Buckley referenced the Child Support Enforcement Program and noted that the benchmark to success was the amount collected. It appeared that Nevada ranked 49th or 50th in the nation in child support actually collected. Assemblywoman Buckley said she was pleased to see continued improvement in the benchmarks, but she asked about the success of actually "putting money in the pockets of custodial parents for the support of their children." She wondered whether the state had "inched" off the 49th ranking.

Mr. Gilliland advised that he was not prepared to answer the question about whether the state had "inched" off the 49th ranking. The DWSS was improving, but the question was whether it was improving at a more rapid rate than other states. Mr. Gilliland said he would provide that information at a later date.

According to Mr. Gilliland, there were several key items that had to be discussed in the Child Support Enforcement Program, including the progress made toward carrying out recommendations contained in the 2006 audit conducted by MAXIMUS, as delineated in Assembly Bill No. 536 of the 74th Legislative Session. Mr. Gilliland indicated that the DWSS would implement some of the recommendations in the 2009-2011 biennium, based on available funding. In a majority of areas the DWSS had not been able to recognize adequate funding sources, and Mr. Gilliland indicated that the funding sources needed to be found to move forward with the recommendations.

Assemblywoman Buckley stated it appeared that the DWSS would address the recommendations if the Legislature could provide the necessary funding. Mr. Gilliland said that was correct.

Assemblywoman Buckley remarked that there were many harmful cuts within the proposed budget, such as the state requesting additional money from Washoe and Clark Counties and reductions in TANF funding, which apparently included the funding utilized to keep siblings together in foster home placements. Assemblywoman Buckley commented that when children were removed from their homes, the extra funds were provided to ensure that
children were not further traumatized by being separated from their siblings; however, budget cuts would reduce that funding.

Assemblywoman Buckley pointed out that the DWSS was requesting 436 new positions in the TANF budget, and she wondered whether there might be a better way to meet the needs in programs such as TANF that were experiencing an extraordinarily high number of applications because of the economic downturn. She believed that the economic downturn would be ongoing for at least another 18 months, at which time, hopefully, the economic situation would ease and the caseloads would return to normal, thereby eliminating the need for additional workers. Assemblywoman Buckley noted that the state had to meet the federal benchmarks or it would be penalized and she was not suggesting that the state ignore the applicants, but she believed state government should work well. Her question was whether there were innovations utilized by other states that might also work for Nevada, such as coupling the electronic applications with pilot projects. Assemblywoman Buckley again asked whether there was a better way: one that would reduce the costs without further draconian budget cuts.

Mr. Gilliland said he would appreciate the opportunity to provide a more comprehensive and complete answer to Assemblywoman Buckley’s inquiry at future joint subcommittee meetings. He would address some innovations, but he was not sure that the DWSS had scratched the surface on all available opportunities.

Assemblywoman Buckley agreed and stated she believed the Legislature should think long and hard prior to hiring 400 additional staff at the same time the state was anticipating layoffs of current workers and cutting funds received by the counties to aid abused children. She asked that the agency explore every idea that made sense to determine whether or not better choices could be made.

Chair Arberry asked about the possibility of laid-off workers transferring to open positions within other agencies, such as the DWSS. Mr. Gilliland referenced page 17 of Exhibit E to answer the Chair’s question. Mr. Gilliland explained that BA 3233, Field Services, funded the staff for salaries and operations and the expenses for major program eligibility. Caseload growth addressed the requested 491 positions. Those 491 positions, when taken in context with budget reductions recommended in The Executive Budget, would actually result a net of 376 positions. The persons in the eliminated positions throughout BA 3228 would have access to the positions requested within caseload growth.

Mr. Gilliland explained that caseload growth was in response to the anticipated 45 percent increase in applicants. Until the technology initiative was successfully implemented, the DWSS was reviewing several options to make its field services operations more effective. Mr. Gilliland noted that Mr. Stagliano had met with the various district office managers and asked how the DWSS could make its offices run more efficiently. Mr. Gilliland said the DWSS had scheduled a file tracking system for implementation between now and June 30, 2009. That would allow the DWSS to place all "paper" files for cases that were not currently active in a single location and use bar codes for tracking. That would free up space within the existing field service operations to allow the DWSS to place additional staff within each office. Mr. Gilliland advised that the DWSS was looking at ways to better triage as persons entered the field offices. Triage staff could fast-track persons entering the lobby and advise them about the wait times or schedule a specific time for a person to return for an in-depth meeting with an eligibility worker.
Assemblywoman Leslie referenced page 17 of the exhibit under the heading "Budget Reductions," which stated, "Office closures necessitated if caseload growth not approved. In the event incremental staffing increase is approved these office closures will be combined for a net economic effect." She asked whether the DWSS planned on closing the offices in Yerington, Winnemucca, and Hawthorne and the Owens office in Las Vegas.

Mr. Gilliland replied that if decision unit M200 was approved, the DWSS would not close the three rural offices or the Owens office in Las Vegas. Within the current DWSS office space there was room for 278 workers and most of the 376 net positions requested could be housed within the existing DWSS facilities. Mr. Gilliland advised that the DWSS would only add staff as caseloads expanded.

Assemblywoman Leslie thought that the Hawthorne office closure was based on sharing building space with another agency. She asked for clarification regarding the situation in the rural offices of the Department of Health and Human Services (DHHS).

Mr. Gilliland explained that the DWSS office in Hawthorne was now shared with the Division of Child and Family Services (DCFS). He was not sure about the situation with the DCFS, but the DWSS did not plan to close its Hawthorne office. The landlord of the building in Hawthorne advised the DWSS that it could remain in the building in the event that the DCFS closed its office.

Assemblywoman Leslie said she was confused and asked Mr. Willden to address the situation in the rural offices. Michael Willden, Director, DHHS, replied that if caseload was funded, the DHHS would not close the rural offices.

Assemblywoman Leslie said that caseload funding was recommended in The Executive Budget, and she wondered why possible office closures were included in the DHHS budget presentations. Mr. Willden said it was a product of how the budgets were built. To reach the 14 percent reduction target, the budget was built with decision units to represent the reduction, and that equated to closure of offices for the DHHS. However, when the DHHS conducted the caseload analysis, it was forced to add back the offices. Mr. Willden stated that in a perfect scenario, the DHHS would not have included elimination of offices and would have netted out the reduction because of the increase in caseload.

Mr. Willden stated that the DCFS proposed to close the Hawthorne Office, again as a budget reduction item, and Rural Clinics proposed closure of two clinics, Fernley and Dayton, with the potential for closure of eight additional clinics. Assemblywoman Leslie asked whether the proposed clinic closures would be the same as the proposed DWSS office closures. Mr. Willden indicated that the clinic in Hawthorne was on the list for closure.

Assemblywoman Leslie said her confusion stemmed from the fact that she was receiving many emails from constituents in rural Nevada regarding office closures. Yet, the budget proposals currently before the Subcommittee indicated that if the recommendation in The Executive Budget was approved, there would be no office closures within the DHHS.
Mr. Willden emphasized that if the recommendation in The Executive Budget was approved, the DWSS would not close its rural offices, but the DCFS would close the Hawthorne office and Mental Health and Disability Services (MHDS) would close eight clinics.

Assemblywoman Leslie asked whether the DWSS could afford to maintain its Hawthorne office once the DCFS office closed. Mr. Gilliland said that without any additional cost in rent, the DWSS could maintain its Hawthorne office. The landlord had indicated that he would make concessions for the DWSS to continue renting its current space.

Mr. Willden commented that as the budget was reviewed he hoped to retain the rural offices. Even though on a cost-per-client basis those offices probably cost more to provide services, they were essential. Assemblywoman Leslie agreed and stated it was a long way from Hawthorne to any other location, particularly when closures were suggested for the Yerington, Fallon, and Fernley offices. She opined that after the closures, the only offices available would be in Carson City and Reno.

Continuing his presentation, Mr. Gilliland referenced BA 3230, Temporary Assistance for Needy Families (TANF), page 18, Exhibit E. He stated that BA 3230 provided the cash assistance for five basic programs:

1. New Employees of Nevada (NEON) Demonstration Project
2. Child only with no work eligible parents
3. Temporary assistance covering discrete episodes of need
4. Self-sufficiency grants
5. TANF loans

Mr. Gilliland indicated that the beginning block grant funding going forward into FY 2010 was less than anticipated. It was originally anticipated that $28 million in TANF funding would be carried forward into the next biennium, but the current estimate was $15 million.

According to Mr. Gilliland, there would be a General Fund allocation of $11.9 million in lieu of TANF funding over the biennium, which was based on completely depleting the federal TANF block grant funding by FY 2011. Mr. Gilliland said the budget also took into consideration the transfers to Clark and Washoe Counties for emergency assistance, which was being reduced by 75 percent of the current level, saving the state $3.6 million in each year of the biennium that would be redirected to cash assistance. Page 19 of Exhibit E contained a chart that depicted the TANF block grant reserve history.

Senator Horsford wondered about the reserve itself, which would clearly be exhausted by FY 2011. The state was in the midst of an economic decline with no apparent end in sight, and he asked for suggestions on ways that the TANF reserve could be restructured going forward so that the reserve would sustain the needs, particularly when there was a longer than anticipated recession. Senator Horsford said it appeared from the chart on page 19 of the exhibit that the reserve funding cycled, and he opined that the reserve should be able to weather the cycles without being exhausted so that resources would be available when needed. He asked that the DHHS bring suggestions or ideas regarding the reserve to future joint subcommittee meetings.

Mr. Gilliland said he and his staff would think through suggestions and would present recommendations and ideas at future joint subcommittee meetings.
Mr. Gilliland referenced page 20 of the exhibit, which contained information about the New Employees of Nevada (NEON) Demonstration Project. During the 74th Legislative Session, the Division of Welfare and Supportive Services (DWSS) proposed a caseload staffing ratio of 40:1 in the NEON program to meet the stricter work participation requirements that were set forth in the Deficit Reduction Omnibus Reconciliation Act (DRA) of 2005 [Pub.L.109-171].

Mr. Gilliland said that the DWSS was asked to explore the use of community agencies that might possess skills, knowledge and abilities to more efficiently run the program. In January of 2008 the DWSS initiated a contract with Job Opportunities in Nevada (JOIN) and The Children’s Cabinet for a full compliment of NEON services in Washoe County. In addition, said Mr. Gilliland, the DWSS had attempted to maintain a 40:1 NEON caseload staffing ratio at its Flamingo office in Las Vegas. Mr. Gilliland stated the DWSS was able to review the relative performance of a state office properly staffed with that of a community partner.

Mr. Gilliland said the chart on page 20 of the exhibit depicted the performance over the past 13 months of Washoe County, which was the community partner pilot program; the Flamingo office; southern Nevada, which encompassed the remainder of the offices in southern Nevada and had a much higher caseload ratio; and the rural offices.

Mr. Gilliland informed the Subcommittee that he believed the information was inconclusive. He stated that he had discussed the program with representatives of The Children’s Cabinet and could see clearly that there had been an improvement over the past several months. Representatives from The Children’s Cabinet indicated that it was suffering because of the significant amount of training needed to manage the NEON program, along with employee burnout and turnover, and the basic difficulties in running the program. Mr. Gilliland stated that the DWSS had experienced the same difficulties in administration of the program.

Mr. Gilliland recommended that the pilot program continue in Washoe County through the end of calendar year 2009, at which time the DWSS would compile a report that was more conclusive. The DWSS was committed to working with its community partners to determine whether there was insight it could glean from the pilot program to see if there was an improved model that could be used to better manage the NEON program within other offices.

Assemblywoman Leslie asked for clarification regarding the chart on page 20 of Exhibit E. She stated that the number for Washoe County for December was 30.92 percent, and she asked what that figure represented. Mr. Gilliland concurred that the chart was not self-explanatory, and explained that the 30.92 percent represented the number of families qualifying for work participation. The goal in work participation was 50 percent for all families and 90 percent for two-parent families. Mr. Gilliland explained that in December, 30.92 percent of the families enrolled in the NEON program in Washoe County were qualifying under work participation.

Assemblywoman Leslie asked whether the information was inconclusive because there were significant differences in the performance. Mr. Gilliland said there were two reasons why the information was inconclusive. The first was that the performance at the DWSS’s Flamingo office had vacillated, partially based on employee turnover and frozen positions. Also, that office had refocused some participants toward current eligibility; that was not exactly the objective that DWSS had set for those participants, but it could not fault the
caseworkers for moving persons forward through eligibility applications. Mr. Gilliland said that at the same time, JOIN and The Children's Cabinet recognized that there was a greater level of employee burnout and turnover than originally anticipated. Those agencies were only now learning how to manage the program.

Mr. Gilliland said that in federal fiscal year 2007, the DWSS barely reached the 50 percent goal for all families. That figure was reached by applying modifiers to reflect the actual work participation rate, a caseload-reduction credit, and credit for additional maintenance-of-effort expenditures by the state.

Mr. Gilliland stated that for its additional maintenance-of-effort expenditures, the DWSS was taking into account funds that were expended at either the state, local or community-partner level that were other than federal funds or used to match federal funds, and which had been expended in one of the four TANF categories as an allowed credit toward its work participation rate.

According to Mr. Gilliland, the DWSS met the percentage goal for all families in FY 2007-08, but failed to meet the percentage for two-parent families, which was the smallest population. The DWSS anticipated receipt of a letter from the federal government indicating that it had failed, and the potential penalty exposure was loss of $106,000 in federal fiscal year 2007 and $179,000 in federal fiscal year 2008.

Senator Horsford stated that he would like an explanation of the work participation requirements in a written format, particularly in the areas of training and education. Obviously, there were few jobs available for participants in the NEON project, and federal standards that could not be met were unrealistic. Senator Horsford understood that the requirements were federally mandated, but he believed it should be discussed.

Senator Horsford believed that the state could do a better job in family preservation, education, and training that would help individuals be more marketable once new jobs were identified. He would like to better understand the federal criteria and what action was being taken by the DWSS to connect the caseload to the opportunities, and what other ways those individuals needed support so that as the economy rebounded and jobs became available, those individuals would have the skills necessary to secure employment.

Mr. Gilliland stated that he would provide the requested information. He indicated that there was a "disconnect" between the federal requirements and the state's focus. The federal requirement was to meet a stricter work participation rate so that 50 percent of the families involved in the NEON project were working. The state's focus was first to stabilize families and second to create a personal responsibility plan that maximized a family's opportunities. Mr. Gilliland explained that when there were no jobs available in the community, that plan was designed to prepare persons for jobs when jobs became available. The third step of the state's focus was to assist in creating a career path for individuals. He reiterated that there was a "disconnect" between the primary focus at the state level and the federal objective.

Senator Horsford believed that the federal objectives were likely to change, and the state needed to remain abreast of those changes and needed to advocate for actions that made sense for Nevadans. At the present time, the state was facing a downturn in the economy, and to expect 50 percent placement in jobs was not realistic with an unemployment rate of 9 percent. There should be more emphasis on education, training, and family preservation skills to keep
families together because that was the objective of support services. Senator Horsford did not want the state to be hampered by past federal standards and, therefore, lose the opportunity to align itself with the trends of the future.

Mr. Gilliland stated that the DWSS needs to prepare a clear "white paper" that described the state's focus and the "disconnect" from the federal requirements. Mr. Gilliland indicated that he would provide that information to the Subcommittee.

Assemblyman Hardy pointed out that the NEON program did not measure up to its objectives, and the objective of the state was different from that of the federal government. The Legislature, however, did not have an objective measurement of the criteria. He asked that the report from Mr. Gilliland include the federal requirements and the state's focus. Assemblyman Hardy wondered whether the DWSS duplicated another service when it stabilized a family or whether those dollars would be better spent in a program other than the NEON project, which was not in compliance with federal requirements. Assemblyman Hardy wondered why the program was even in existence, whether it worked, or whether it worked in another state. He asked whether the program was working in other states, and whether Nevada had compared its program with other states that were suffering from economic circumstance similar to those in Nevada.

Mr. Gilliland indicated that his reply would also specifically address Assemblyman Hardy's questions.

Mr. Gilliland referred to page 21 of Exhibit E, which depicted the Child Support Enforcement Program (CSEP). The program provided five primary services: (1) the location of absent parents; (2) establishment of paternity; (3) establishment of child support; (4) enforcement of child support; and (5) effective collection and distribution of child support.

Mr. Gilliland indicated that over the past year the child support function in Churchill and Washoe Counties, and Carson City that was typically handled at the district attorney's level in each county had reverted to the state. He noted that Carson City had returned the program in its entirety, while Washoe and Churchill Counties had returned the public assistance child support functions to the state. On an annual basis, those functions consumed approximately $700,000 of the "State Share of Collections" revenue in BA 3238.

Regarding the MAXIMUS audit unfunded projects and the mandates of Assembly Bill No. 536, Mr. Gilliland stated that DWSS would like to accomplish the following:

- Implementation of document imaging - phase 2
- Centralization of non-core functions including a call center
- Coordination of comprehensive training
- Restructuring of regional programs with offices in Elko, Reno and Las Vegas
- Implementation of CSEP application-specific software or enhanced NOMADS CSEP component

Mr. Gilliland believed that a determination should be made regarding what constituted a stable funding source for the CSEP and how to best expend those funds toward improvement of the program, consistent with the provisions that DWSS provided to the Legislature in August 2008.
In addition, said Mr. Gilliland, page 28 of Exhibit E described the provisions of Assembly Bill (A.B.) 101, which was a comprehensive child support bill that contained two primary elements. The first element was a mandate to have counties with populations of 100,000 or more fully participate in the CSEP program at the district attorney level. Mr. Gilliland said that would be one way to provide a stable portion of the funding.

Assemblywoman Smith questioned the reverting of the child support function to the state from Churchill and Washoe Counties and Carson City. The obvious question was why that reversion had occurred, but perhaps it was because The Executive Budget took funding from the counties. She asked about the likelihood that other counties would revert their child support functions back to the state.

Mr. Gilliland stated that the counties operated under an interlocal agreement that included a 180-day opt-out clause, so at any point in time the counties could opt out of part or all of the child support functions. He believed there was an increasing likelihood that more child support functions would be returned to the state from the various district attorneys. Assemblywoman Smith asked Mr. Gilliland to provide an estimated cost should the remaining counties revert their child support functions.

Assemblywoman Buckley referenced the portion of A.B. 101 that mandated counties with a population over 100,000 to fully participate in the CSEP fund and maintain such a program in their counties (Exhibit E, page 28). The bill also stated that those counties would participate as partners in the statewide CSEP. Assemblywoman Buckley commented that she felt as if she was watching a "ping pong" game. First, the state transferred the child support enforcement collection to the counties and over the past biennium Washoe and Churchill Counties and Carson City had transferred that responsibility back to the state. The Division of Welfare and Supportive Services (DWSS) was now proposing in A.B. 101 that the state transfer part of the child support enforcement collection back to those counties with a population over 100,000. Assemblywoman Buckley believed that Clark County had retained the CSEP at the district attorney's level, and she asked whether the proposal included in the bill was directed at Washoe County.

Mr. Gilliland clarified that child support collection was performed 100 percent by the state. It was the child support enforcement activities that the DWSS was targeting in A.B. 101. If that portion of the bill were adopted, it would return to Washoe County the public assistance activities that had been assumed by the DWSS over the past year, plus additional public assistance activities that the DWSS had been continually performing. The provision would not affect Carson City or Churchill County because their populations were below 100,000. Mr. Gilliland pointed out that the provision would not affect the current program in Clark County because the Clark County District Attorney's Office continued to provide the full breadth of services for child support enforcement.

Assemblywoman Buckley asked whether funding would be returned to Washoe County with the support enforcement activities. She opined that the families were the ones suffering because the state and county continued to volley the program back and forth. Program transfers created inefficiencies and it took years to establish a good program. Assemblywoman Buckley said that families who did not receive child support contributed to Nevada's status as 50th in the nation, and when families did not receive child support, they often turned to the state for further assistance, which often increased the TANF rolls.
Assemblywoman Buckley indicated that the state and counties should collaborate to create a better system because the current system was not working.

Mr. Gilliland indicated that there were two sources of funding for the CSEP, federal and state or county funding. He indicated that the program was 66 percent federally funded, which was provided to the administrator of the program, either state or county. The remaining funding was provided by either the county or the "State Share of Collections" in BA 3238. Mr. Gilliland said that the "State Share of Collections" was inadequate to support the recommendations of Assembly Bill No. 536 and the recommendations from the MAXIMUS audit, to which the DWSS had responded. The DWSS faced several challenges and recognized that there was inadequate funding for the CSEP. Mr. Gilliland agreed with Assemblywoman Buckley’s statement that the situation was very much like a "ping pong" game. The CSEP was returned to the state from Washoe County because the county was suffering budget constraints, and one budget saving method was to return the CSEP cases to the state.

Assemblywoman Buckley commented that the state was now doing the same thing via A.B. 101. Mr. Gilliland stated that was correct. Assemblywoman Buckley believed that additional federal funding could be available to the state to improve the system if it could show the federal government that it was making progress. Instead, the state was penalized and the federal funding was allocated to other states because Nevada’s system performed so dismally.

Mr. Gilliland stated that Assemblywoman Buckley was correct. He believed there should be a collaborative effort on the part of both the state and the counties. In its reply to the MAXIMUS recommendations, the DWSS recommended that the state create a task force that consisted of persons from the counties, the district attorney’s offices, the Executive Branch, and the Legislature to determine how to best move the CSEP forward. Mr. Gilliland said that included how to increase participation, increase performance, and provide stabilized funding for the program. Mr. Gilliland emphasized that it was a complex question, and he believed it would take all involved parties working together collaboratively to address the question.

Assemblywoman Buckley said she had no hope that the problems with the CSEP would be answered during the current session. She held the same discussion every legislative session, and she had hoped for a glint of progress. However, the state seemed to be regressing rather than progressing with solutions for the program. Assemblywoman Buckley said the situation was extremely frustrating when one realized how the program was interconnected to other budgets. She opined that families were suffering as a result of the "ping pong" game, and the situation was completely unacceptable.

Continuing his presentation, Mr. Gilliland stated that other sections of A.B. 101 dealt with the administrative portions of the program. They were designed to implement recommendations made by MAXIMUS that embraced both the county and the state and to comply with the provisions of Assembly Bill No. 536.

Mr. Gilliland stated that BA 3232, Exhibit E, page 22, Assistance to Aged and Blind, provided supplemental income to low income, aged and blind individuals and was funded 100 percent by the General Fund. Caseload growth would require additional General Fund of $456,000 in FY 2010 and $699,000 in
FY 2011. Mr. Gilliland reminded the Subcommittee that the DWSS had also requested a supplemental appropriation of $280,000 in FY 2009 to meet the projected demand of the program throughout the current fiscal year.

The Child Assistance and Development budget, BA 3267, was depicted on page 23 of Exhibit E. Mr. Gilliland indicated that BA 3267 helped Nevada’s low-income families pay for child care needs and assisted people in becoming and remaining self-sufficient. One of the key elements in the budget was the proposal to transfer 75 eligibility related staff from University of Nevada, Las Vegas (UNLV) grant positions to DWSS full-time equivalent (FTE) positions. That would generate an approximate cost savings of $2 million over the biennium, which would be reinvested to provide enhanced subsidies for eligible families. Mr. Gilliland said it had always been the intent of the DWSS to transfer the staff employed by UNLV in grant positions who performed eligibility functions back to the state. Originally, the move was contemplated for FY 2010-11.

Also included in The Executive Budget was approximately $900,000 to request that UNLV continue the quality and educational activities in southern Nevada. Mr. Gilliland said the DWSS recognized that UNLV performed quality and education activities very well, while the DWSS provided eligibility services very well. The request would allow the eligibility function to be provided by the DWSS and quality and education to be provided by UNLV staff.

Senator Horsford said he would like to receive the backup documentation that showed the justification for the cost-savings created by transferring the 75 positions back to the state rather than being contracted out. Over the years, the program had been transferred back and forth between providers. Senator Horsford said he had received many calls from constituents who relied on the program for child care assistance, and who felt uncertain about whether or not the subsidy would remain in place. Those constituents feared they would be required to “jump through new hoops” based on a new provider. Senator Horsford noted that the budget proposal would actually return the eligibility related staff back to the DWSS, and he wondered why new state jobs were being created at a time when other positions were being eliminated. He also requested information about the additional allocation that would be earmarked for increased subsidy and the number of people who would benefit under that plan.

Mr. Gilliland said the DWSS had prepared that analysis, and he would provide a copy to Senator Horsford. The analysis depicted an approximate $800,000 savings in the first year of the biennium and $1.1 million savings in the second year. Mr. Gilliland clarified that under the current contract, UNLV had been providing the personnel administration and supervisory portions of the activity, and the actual program maintenance and direction had always been under the DWSS. The Division did not anticipate any changes for providers or clients in the program as a result of the transfer of staff. Mr. Gilliland indicated he would provide the requested information to Senator Horsford.

Senator Horsford appreciated the response, but he wondered why the transfer was necessary. He questioned the justification for moving, yet again, the Child Care and Development program. The program had endured several different providers and such action created a certain level of inefficiency because of the start-up process of training, orientation, and other tasks encompassed in such a transfer. Senator Horsford wondered whether that information was included in the cost-savings analysis; he stated he would like information from the DWSS regarding the start-up process.
Senator Horsford noted that the DWSS should reassure people and rather than issuing a statement that says persons "might not" be affected, it should issue a statement that persons "would not" experience any affects from the transfer of staff. Senator Horsford pointed out that the program was used by families that were struggling and child care was one of the biggest barriers to retaining and/or searching for a job. He emphasized that if the transfer of staff in any way hampered a person's ability to search or retain employment, he wanted to know why.

Mr. Gilliland agreed that the message from the DWSS should state "would not" affect the program. It was not the intent of the DWSS to change any of the services in the program. Mr. Gilliland said he would provide the requested information to Senator Horsford.

Mr. Gilliland stated that in addition to the transfer of the 75 staff, the DWSS would implement a new child care system during February and March of 2009. During the month of February 2009, the DWSS would run all new cases through the new child care system, and during the month of March 2009, all existing cases would be transferred to the new system. Mr. Gilliland said the new system was designed to improve the support for clients and providers. It was designed to provide improved payment of provider benefits, and it was also designed to give the DWSS a better understanding of the population mix in the program. Mr. Gilliland said the DWSS had struggled with creating effective caseload projections in the child care and development program, and he believed the new system would provide one of the tools necessary to more effectively understand the DWSS's position from a service perspective.

Mr. Gilliland referenced page 24 of Exhibit E and stated that the mission of the Energy Assistance Program, BA 4862, was to assist eligible Nevada citizens in meeting heating and cooling needs. When the budget was initially prepared, the DWSS was projecting an unserved population in the state for FY 2010-11. Mr. Gilliland stated that the DWSS had received a one-shot federal award of $12 million, and those monies had to be obligated by September 30, 2009. The DWSS was working to (1) use the money to effectively reduce the waiting time for applications to be processed from its current level of greater than 16 weeks to less than 30 days; (2) obligate those funds in such a way that services were optimized in FY 2009; and (3) mitigate as much as possible the number of clients who would not be served in FY 2010-11. The DWSS had also introduced the use of family resource centers (FRCs) to assist applicants and accelerate application processing.

Continuing his presentation, Mr. Gilliland said that the tab in Exhibit E entitled "FTE Summary" contained the staffing changes recommended within the budget account for the DWSS and the tab entitled "Letters of Intent" outlined the action taken by the DWSS to address the Letters of Intent. That concluded his presentation, and Mr. Gilliland said he would be happy to answer any questions.

Assemblywoman Smith asked about the use of FRCs in the Energy Assistance Program and whether the FRCs could provide the necessary technology and staff. Mr. Gilliland deferred that question to Gary Stagliano, Deputy Administrator, Program and Field Operations, DWSS.

Mr. Stagliano explained that the DWSS had recently started the program using FRCs in their current capacity, absent any technology improvements. The FRCs were assisting applicants to fully complete the application, ensuring that applicants had the required documentation to support the application, and
scrutinizing the case circumstances of the applicant to ensure that the application would not be denied because the applicant's circumstances were outside eligibility tolerance.

Mr. Stagliano said the program was currently working very well. The DWSS received a complete packet from the FRCs and staff no longer had to go through the secondary steps upon receipt of the application. Recently, DWSS staff began to process the applications completed at the FRCs, and they were very pleased with the performance of FRC staff. Mr. Stagliano indicated that the FRCs had expressed a great deal of interest in developing the Energy Assistance Program partnership with the DWSS, and the DWSS has also recently introduced the opportunity for the FRCs to assist with TANF, SNAP, and Medicaid applications.

According to Mr. Stagliano, the motivation for the DWSS to partner with the FRCs was that the DWSS conducted a large volume of application processing. Many applications did not result in a favorable eligibility decision because oftentimes, the self-declared circumstances of the applicant were outside the eligibility tolerance of the program. The FRCs helped the families focus on where they could find assistance. Mr. Stagliano noted that the FRCs provided a full array of services that went beyond the public assistance offered by the DWSS. If a family's circumstances were such that they did not meet the eligibility requirements of the DWSS programs, the FRCs could immediately inform the family of other opportunities available within the community.

Assemblywoman Smith asked whether the FRCs were using a manual application. Mr. Stagliano replied that they were using the same application as the DWSS. The DWSS had provided training to assist FRC staff in completing the applications.

Assemblywoman Smith noted that the one-shot federal funding would be used to improve automation and she asked whether there was any possibility of placing technology updates in the FRCs.

Mr. Stagliano explained that the one-shot money did not address the FRCs. The DWSS used the one-shot funding to overcome some of the deficiencies that existed in its operating system to support the program. There were some opportunities to use the electronic application, but the DWSS had been very careful in constructing the requirements for the electronic application system to ensure that insertion points would be relevant to all programs. Mr. Stagliano stated that the concept behind the electronic application was such that it would not be "single-threaded." The program might have an initial intent, but the DWSS intended to gather information for a whole host of circumstances in the future. Mr. Stagliano said the DWSS was being very careful in development of those requirements to ensure there were no obstacles to broader use.

Chair Arberry declared the Subcommittee in recess at 11:05 a.m. and called the meeting back to order at 11:16 a.m. The Chair asked Dr. Cook to address the budget for the Division of Mental Health and Developmental Services (MHDS).
Dr. Cook advised that there were approximately 12 budget accounts within MHDS, but he would provide information regarding only the major agency budget accounts. He directed the Subcommittee's attention to Exhibit F, "Mental Health and Developmental Services, Legislative Budget Presentation, 2009-2011 Biennium," under the tab "Org Charts," which depicted the structure of the MHDS. Dr. Cook stated that there were basically five mental health agencies and three developmental services agencies. The mental health agencies were divided into the rural, south, and north regions. There was another agency in the north that provided forensic services.

Dr. Cook stated that MHDS provided inpatient services through the Southern Nevada Adult Mental Health Services (SNAMHS), the Northern Nevada Adult Mental Health Services (NNAMHS), as well as service coordination, outpatient counseling, and a variety of other outpatient services. The MHDS's Substance Abuse Program provided, on a contract basis, residential treatment, detoxification, outpatient services, and intensive statewide services.

Developmental Services was also divided into three regions: north, south, and rural. Dr. Cook indicated that state services were targeted case management and some clinical services, while contract services comprised the bulk of providers in developmental services.

Dr. Cook advised that the major difference between substance abuse services, developmental services, and mental health services was that in the area of mental health, the state and its staff provided the majority of the services. The state primarily provided grants and quality assurance office in substance abuse, with most of the services provided by private contractors. Dr. Cook stated that was the basic structure of the MHDS. He pointed out that there were different business models and different ways of doing business, which created some confusion and some difficulty in budgeting.

The tab "Budget Summary Narrative" within Exhibit F described the major budget initiatives within the various budgets. Dr. Cook began on page 1 with the Division Overview, noting that in FY 2010 the Division was contemplating a $33 million decrease in funding as recommended in The Executive Budget. In FY 2011 the decrease would be $25 million overall. Dr. Cook indicated that most of the cutback would be in the area of mental health. There was some growth in the developmental services area.

Assemblywoman Leslie asked why the decrease was less in the second year of the biennium. Jeff Mohlenkamp, Administrative Services Officer (ASO) IV, MHDS, responded to Assemblywoman Leslie's inquiry and explained that there would be some growth between FY 2010 and FY 2011. The figures were compared with FY 2009 and there would be a smaller reduction when the figures for the second year of the biennium were compared to FY 2009. Dr. Cook commented that the budget for FY 2011 was larger than the budget for FY 2010.

Continuing his presentation, Dr. Cook indicated that one major budget initiative in BA 3161, Southern Nevada Adult Mental Health Services (SNAMHS), was the inpatient staffing reductions. The MHDS was reducing staff at the Rawson-Neal Psychiatric Hospital by 96.81 full-time equivalent (FTE) positions. In addition, the Division would convert 10 state mental health technician positions to contract positions, for a total of 106.81 FTE position changes within the hospital. Dr. Cook acknowledged that there was great concern about the reduction in hospital staff, and he wanted to explain why the reduction was recommended and point out the possible ramifications of such action.
When the MHDS reviewed staffing ratios in FY 2008, it was determined that the staffing ratio for the Rawson-Neal Psychiatric Hospital, as well as the Dini-Townsend State Psychiatric Hospital in Reno, was approximately 2.4 FTE per bed. Dr. Cook said the Division surveyed private and public facilities in the western states and found that the ratio fell within the range of 1.2 to 2.1 FTE per bed. The MHDS was reducing its FTE per bed ratio to the 2.0 to 2.1 range per occupied bed. Dr. Cook indicated that the ratio was being reduced from very high to a lower ratio, but one that was at the high end of the range of the facilities surveyed.

Dr. Cook said there was research that showed the effect of staffing ratios on treatment outcomes in psychiatric hospitals. One important effect of higher staffing ratios was that there was a greater tendency for staff to interact with each other rather than with clients. The best predictor of positive treatment outcome for psychiatric hospitals was the amount of time staff spent interacting with the patients and not with each other. Dr. Cook reported that the evidence on higher staffing ratios with respect to better treatment outcomes did not favor higher staffing ratios. Research showed that the effect of increasing the number of patients and maintaining the same staffing ratio would not have a significant impact on treatment outcomes.

Dr. Cook stated that with the reduction the MHDS could still maintain quality services. There would be some changes in how the Division conducted business at the hospital, but Dr. Cook was convinced that a safe and therapeutic environment could be maintained.

The second major cost initiative within SNAMHS was the medication cost reductions. Dr. Cook said that the Division discovered that it had excess pharmacy funding, and the base budget for SNAMHS included a reduction of approximately $10 million per year for medication costs.

Dr. Cook explained that the excess was created by inflation in the calculation issues and a decrease in the cost per person served through improved management of caseload. The MHDS was working with psychiatric staff to help them provide the best possible service at the best possible price. Data indicated that when the MHDS provided feedback to the psychiatrists in southern Nevada, their prescribing patterns changed and they provided the same quality service in a more cost effective manner. Dr. Cook commented that the MHDS also improved the use of free medications, and it had been increasingly successful at deflecting clients with Medicaid and Medicare Part D benefits to private pharmacies.

The third major cost savings was the result of the permanent closure of the North Las Vegas Clinic in early 2008. Dr. Cook remarked that the clinic closed because of a problem with the lease rather than budgetary problems. The MHDS intended to reopen the clinic, but ongoing budget cuts delayed the reopening. At the same time that the North Las Vegas clinic was closed, the MHDS opened the downtown Las Vegas clinic, which was approximately one mile from the location of the North Las Vegas clinic. Dr. Cook explained that 90 percent of the clients who were served in the North Las Vegas clinic moved to the downtown Las Vegas clinic. The remaining 10 percent of the clients had been redistributed among the West Charleston and East Las Vegas clinics. The MHDS had not lost a significant portion of those clients as a result of the permanent closure of the North Las Vegas clinic, and Dr. Cook did not believe that the closure had a significant impact on services.
Chair Arberry asked for clarification regarding the 17.54 positions that were eliminated when the North Las Vegas clinic was closed. He also wanted to know whether those staff members had been reassigned to other clinic locations to help share the burden of the additional clients. Dr. Cook indicated that some of the positions from the North Las Vegas clinic had moved to other clinics to assist with the client transfers. The remaining clinics had evidently handled the increased caseload well.

Chair Arberry asked about the location of the downtown clinic. Dr. Cook stated that he did not have the street address, but he would provide that information to the Subcommittee.

Assemblywoman Leslie said that she would like information from the MHDS at future joint subcommittee meetings regarding the staffing ratios in the clinics and about safety issues, particularly at SNAMHS. She indicated that health and safety issues were critical.

Assemblywoman Leslie remarked that she was very disturbed that the budget called for the elimination of four senior psychiatrist positions based on the facts that the positions were vacant and that psychiatry positions were difficult to fill. She pointed out that as a consequence of that decision, it would be difficult to keep pace if client demand increased at SNAMHS. Assemblywoman Leslie indicated that made it very obvious to her that those positions should not be eliminated.

Dr. Cook explained that the four senior psychiatrist positions were part of the FY 2007 growth that MHDS had experienced, and the positions had never been filled. He pointed out that the caseload growth in Clark County had remained fairly flat over the past two years.

Assemblywoman Leslie said she would also question that statistic in the future. There were many questions that would be asked by members when the joint subcommittees began reviewing individual budgets.

Dr. Cook indicated that BA 3162, Northern Nevada Adult Mental Health Services (NNAMHS), suffered many of the same issues as SNAMHS, and the staffing ratio for NNAMHS would be reduced to the same ratio as SNAMHS. The medication reductions would also apply to NNAMHS. Dr. Cook said that other reductions at both NNAMHS and SNAMHS included reductions in outpatient growth that were legislatively approved for the 2007-2009 biennium.

Regarding BA 3648, Rural Clinics, Dr. Cook indicated that the MHDS would be eliminating 11 clinics and had already eliminated 2. He referenced page 6 of Exhibit F, which included a list of the clinics that would be eliminated and a list of the proposed service locations for clients of the closed clinics. There were two options for continuing to serve those areas in which clinics were being closed:

1. Have itinerant staff travel to those areas and provide services on a scheduled basis.
2. Provide transportation to one of the Rural Clinics' hubs for clients in those areas where clinics were closing.

The MHDS had budgeted to provide transportation. Dr. Cook also said the MHDS was increasing its contract money so that in areas where private providers were located, the MHDS could contract with those providers for client care.
The reductions in Rural Clinics was the most difficult portion of the budget for MHDS, and Dr. Cook said the MHDS was currently exploring other options to restructure rural services and mitigate the effects of the proposed budget reductions. Recently, said Dr. Cook, he had decided not to fill the position of Rural Clinics director, and the director for the Rural Regional Center had taken on that additional role at the current time. Until the MHDS made a final decision about the structure, organization, and location of Rural Clinics, Dr. Cook said he would hold off filling the director's position.

Assemblyman Grady asked for information regarding the proposal by MHDS to provide transportation for rural clients. Transporting clients from Tonopah to Pahrump would appear to be as costly as maintaining the clinics. Assemblyman Grady did not believe that MHDS had taken into consideration the miles it would be asking clients to travel for service. The two clinics that closed were in Assemblyman Grady's district and many constituents had contacted him about the closures. While it was not that many miles between Dayton and Carson City, the distance clients would be asked to travel in other rural areas was ludicrous.

Dr. Cook advised that in cases where distances were excessive, the MHDS would send staff to that location rather than provide transportation.

Assemblyman Hardy asked whether the MHDS had reviewed the concept of videoconferencing. Dr. Cook replied that currently approximately 40 percent to 45 percent of Rural Clinics' clients were served through telemedicine, but that was strictly for psychiatric services. Telemedicine had not been expanded to provide service coordination or counseling, but Dr. Cook believed that it was working well in the provision of psychiatric services. He commented that telemedicine represented a growing portion of MHDS's business.

Assemblyman Hardy asked whether the Division anticipated increasing the telemedicine option. Dr. Cook replied that MHDS looked for ways to increase that option at every opportunity. He pointed out that not only was telemedicine more effective in providing services, it reduced costs because the MHDS did not have to pay a psychiatrist to drive long distances to visit clients in rural Nevada.

Assemblyman Hardy opined that service coordination and counseling could be added to the videoconferencing option. Dr. Cook concurred that there could be some limited use of the technology for counseling, but the MHDS also planned to revamp the mix of services in rural clinics and de-emphasize individual counseling.

Assemblyman Goicoechea commented that the real issue for rural counties was that the MHDS was "the only game in town" for many hundreds of miles in some cases. He believed the MHDS should consider that providing transportation might not be the best option in addressing clinic closures.

Assemblywoman Leslie commented that she did not think the options proposed by the MHDS for rural counties would work. She wondered whether there was a practicing psychiatrist in northern rural Nevada who could work with clients. Dr. Cook stated that MHDS had always provided psychiatric services on an itinerant basis in the rural areas, and had always paid for psychiatrists who lived in Las Vegas, Reno, or Carson City to travel to the rural areas.
Assemblywoman Leslie stated that closing 11 of the 21 rural clinics and expecting clients to travel long distances for services would probably mean that those clients would not receive mental health care, and individual counseling was what mental health care was all about. Assemblywoman Leslie said the proposal to close the rural clinics would completely destroy the mental health care system in rural Nevada. Those persons would not be able to travel long distances to join waiting lists at the remaining 10 rural clinics, which meant they might end up in local jails, in prison, homeless, or shipped to Reno, where the city was also suffering from budget problems. Assemblywoman Leslie reiterated that the options proposed by the MHDS were completely unacceptable and she hoped that a better option could be found.

Dr. Cook agreed that the Division's proposal was not an ideal solution. He disagreed with Assemblywoman Leslie about individual counseling and did not believe that individual counseling defined mental health services. Assemblywoman Leslie remarked that some clients required individual counseling. She did not believe the MHDS should simply stop providing individual counseling because not everyone could be served without individual counseling.

Dr. Cook agreed and stated that the MHDS would continue to provide a limited program of individual counseling. The difficulty in the rural areas was that historically every client who signed up for rural services had to be placed in individual counseling and the MHDS wanted to change that model. Dr. Cook assured Assemblywoman Leslie that the MHDS was currently providing long-term individual counseling to a large number of clients in the rural areas. However, said Dr. Cook, individual counseling was not universally provided in Clark and Washoe Counties where the MHDS provided short-term, targeted individual counseling.

Assemblywoman Leslie said she hated to see the state balance the mental health budget on the backs of severely mentally ill persons who resided in rural Nevada. Quite often, there were no other services available in rural Nevada, as previously pointed out by Assemblyman Goicoechea.

Assemblywoman Smith stated that the entire budget for MHDS was very depressing to her. The Legislature had made great strides over the past few sessions in the area of mental health and had invested a great deal of funding in infrastructure, recruiting, and training. Assemblywoman Smith indicated that during the 74th Legislative Session discussions were held about how to recruit persons to fill positions in rural Nevada. She said it was not because clients no longer resided in rural Nevada and the services were being provided for naught, but rather that after spending all the money for recruiting, training and infrastructure, the MHDS now proposed to close many of the rural clinics. Assemblywoman Smith hoped that the clinics could be restored at some point, which would require another round of recruiting, training, and infrastructure. In the meantime, said Assemblywoman Smith, the MHDS was trying to determine how to continue providing services to rural clients. She commented that the situation was "really awful."

Assemblywoman Smith indicated that she had served on a suicide task force over one interim period and had learned how much higher the suicide rates were in rural Nevada and how isolated so many people felt who resided in the rural areas. She knew that was probably not news to Dr. Cook, but she wanted to express her frustration about the proposed closure of rural mental health clinics to balance the budget.
Dr. Cook pointed out that the MHDS had searched for savings that would mitigate the effects of budget cuts on essential services. That was how the MHDS discovered the savings in pharmacy costs, and that was why it proposed the staff reductions in the various hospitals. Dr. Cook emphasized that without those efforts the cuts in outpatient clinics, both rural and urban, would have been even greater.

Assemblywoman Gansert recalled that during past legislative sessions there had been several slots added to the psychiatric residency program. Assemblywoman Gansert wondered whether the MHDS had talked to the residents or the program director to determine whether there were residents who would be interested in providing services in the rural areas.

Dr. Cook acknowledged that there was a residency program at both SNAMHS and NNAMHS. One primary requirement for a residency program was for the program to be accredited by the Joint Commission on Accreditation of Hospitals. Dr. Cook stated that both SNAMHS and NNAMHS were accredited by the Commission, but rural clinics were not; therefore, it would be difficult for the MHDS to place residents at the rural clinics.

Assemblywoman Gansert thought that residents could be placed in rural areas after graduation or after completion of the residency program. She believed the Western Interstate Commission for Higher Education (WICHE) required service in underserved areas after graduation, but that might be in inner-cities versus rural areas. Assemblywoman Gansert believed the MHDS could recruit the residents who were provided an education at SNAMHS and NNAMHS.

Dr. Cook explained that the residency program was a prime recruitment tool for MHDS, and a fair number of the residents who graduated were ultimately hired. However, he did not have the authority to require residents to serve in rural areas following graduation.

Dr. Cook called the Subcommittee’s attention to Exhibit F under tab "Budget Summary Narrative," page 8, which contained BA 3645, Facility for the Mental Offender. The MHDS proposed a reduction from 76 beds to 70 beds at the Lakes Crossing Center (LCC). He explained that several years ago, a lawsuit was filed against the LCC as a result of an influx of court-ordered cases for competency evaluations. The suit resulted in a court order that the LCC must provide assessments within one week of the court-ordered competency evaluation. Currently, said Dr. Cook, the staff of the LCC was well able to meet the requirements of the court order because the census at the facility was quite low. It was anticipated that the census would not go beyond 70 over the next several years, but that was only a “best-guess” scenario. Dr. Cook indicated that the MHDS was not sure about what might occur in Clark County, which was the county of origin for most LCC clients. The Division believed that the reduction would be a prudent measure, but there was always the possibility that LCC could find itself in non-compliance with the aforementioned court order.

Dr. Cook stated that there were three agencies within Developmental Services: Desert Regional Center in southern Nevada; Sierra Regional Center in northern Nevada; and the Rural Regional Center, which served the rural areas. According to Dr. Cook, Developmental Services had not suffered the same level of cuts as had Mental Health. He pointed out that all developmental services entities had received funding of approximately $15 million over the biennium for
caseload growth. That would fund additional slots in the Supported Living Arrangement (SLA) programs and additional jobs in day training.

There had been cuts in autism funding, and Dr. Cook opined that legislators might receive calls from constituents because of those cuts. He explained that autism caseloads had been capped and allotments to families had been reduced. The MHDS would also reduce allotments and cap other family support programs.

Dr. Cook called the Subcommittee's attention to page 14 of Exhibit F which depicted the elimination of the medical director's position at NNAMHS. The Division currently had four medical director positions, two in southern Nevada, one in northern Nevada, and one statewide director. Dr. Cook said one of those positions had been deleted to save costs, and the remaining position in northern Nevada would assume the duties of the eliminated position.

Chair Arberry asked how travel for the medical director would be funded. Dr. Cook reported that the position would not travel because most of the statewide business was conducted via videoconferencing. The medical director was an administrative position that provided recruitment, hiring, and management of medical staff. Most of the medical staff in the rural clinics was located in Carson City, Reno, or Clark County.

Senator Mathews asked whether the records of medical staff in rural areas were reviewed by supervisors with supervisory sign-off required. Dr. Cook said the Division had an Avatar System that provided immediate access to any medical records no matter where the person was located.

Senator Mathews said she was aware of the system, but she believed there should also be supervisory reviews onsite. Many of the clinics experienced problems because there was no supervision of staff at those clinics. Senator Mathews said it was no different than a nurse with expanded duties being supervised by a doctor; the doctor had to see the records at some point. It bothered Senator Mathews that the MHDS wanted to cut one medical director position and require one of the remaining medical director positions to assume those duties. Senator Mathews believed that the Division should rethink that position cut.

Dr. Cook said that not long ago, the Division had only two medical director positions and no one was paying attention to rural clinics. Senator Mathews stated that it was also not long ago that the state's population was 600,000 and now Nevada's population was over three million.

Dr. Cook stated that the exhibit contained a tab entitled "BDRs," which depicted the BDRs that had been submitted and/or the BDRs that the MHDS was tracking. The last tab in the exhibit was "National Rankings," which delineated Nevada's national ranking in providing mental health and developmental services in comparison to other states.

Chair Arberry asked for information about the Division's caseload growth. Dr. Cook indicated that he would ask Jeff Mohlenkamp, Administrative Services Officer IV, MHDS, to reply to that question.
Mr. Mohlenkamp indicated that The Executive Budget recommended additional funding for caseload growth in two major community-based developmental services programs: Residential Supports and Jobs and Day Training. However, MHDS would not receive any additional staffing. Mr. Mohlenkamp said the additional funding would provide for approximately 300 additional placements in the Residential Supports program, which would help to address the current waiting list of over 600 statewide. The funding would only allow the MHDS to serve approximately half of those on the current waiting list.

Mr. Mohlenkamp indicated that additional funding for the Jobs and Day Training program would help the MHDS eliminate the waiting list for that program and possibly provide additional services. The waiting list for that program fluctuated and was somewhat lower than the list for the Residential Supports program.

Mr. Mohlenkamp stated that the MHDS had submitted growth packages for the mental health and substance abuse programs, but those programs were not recommended for funding in The Executive Budget.

Assemblywoman Leslie referenced the issue of substance abuse programs and asked for an explanation of the funding for those programs. Mr. Mohlenkamp explained that the MHDS had been awarded federal prevention dollars several years ago, and the federal requirements allowed a period of time for the MHDS to develop substance abuse programs. He stated that the carry-over funding from the federal allocation would allow the MHDS to spend the additional prevention dollars in the 2009-2011 biennium, which would address a portion of the deficit. Mr. Mohlenkamp reported that those dollars had to be used solely for prevention purposes.

Assemblywoman Leslie asked about treatment programs. Mr. Mohlenkamp indicated that there were cuts in caseload growth for treatment programs and the MHDS had no replacement funding to address those cuts. Assemblywoman Leslie asked whether there would be less funding available over the upcoming biennium. Mr. Mohlenkamp said that the MHDS had received a fairly significant increase in funding for caseload growth over the current biennium. However, said Mr. Mohlenkamp, the MHDS had cut back treatment funding considerably for the 2009-2011 biennium and approximately 22 percent of the waitlist funding growth for treatment services had been eliminated. Assemblywoman Leslie noted that federal funds would not make up the difference in treatment programs. Mr. Mohlenkamp explained that there would be no continuation of federal funding beyond the current fiscal year.

Assemblywoman Leslie asked about the 50 percent cut in caseload growth dollars that had been approved by the 74th Legislative Session for housing in the NNAMHS budget. She asked for clarification regarding both southern Nevada and rural Nevada housing. Mr. Mohlenkamp said the MHDS had not cut the housing dollars for rural Nevada, but it had cut caseload growth dollars in the NNAMHS budget. He pointed out that the MHDS had cut funding in the NNAMHS budget over the current biennium to meet budget shortfalls.

Assemblywoman Leslie asked whether the Division had cut 50 percent of the funding that was approved by the 74th Legislative Session for new growth in residential programs in southern Nevada. Mr. Mohlenkamp said MHDS had not cut the housing dollars in southern Nevada.

Assemblywoman Leslie referenced the tab entitled "National Rankings," and commented that when she began her elected service ten years ago, the state was ranked in the high 40th percentile, and she opined that it was great to see
that the state's national ranking was currently 40th. She noted that over the past ten years, the Legislature had helped the mental health system in Nevada make a remarkable turnaround. Assemblywoman Leslie stated it was beyond depressing to think about where the system might be two years into the future if further budget cuts were implemented, particularly the decimation of rural mental health services. Assemblywoman Leslie asked what the national ranking for Nevada would be if the Legislature approved the cuts recommended in The Executive Budget.

Mr. Mohlenkamp believed Nevada’s ranking would be based on the budget cuts approved in other states. It appeared that Nevada was affected more severely by the economic downturn, and Mr. Mohlenkamp opined that Nevada was making deeper budget cuts than other states.

Assemblywoman Leslie believed the situation would probably worsen because other states had traditionally funded their mental health and social services safety net much better than Nevada. She commented that she hated to see the state going backwards, however, with the proposed budget cuts that appeared to be the direction in which it was moving.

At 11:59 a.m. Chair Arberry declared the Subcommittee in recess. The Chair called the meeting back to order at 1:47 p.m. and asked representatives from the Division of Child and Family Services (DCFS) to present the budget overview for that agency.

DIVISION OF CHILD AND FAMILY SERVICES
BUDGET PAGE DCFS 1-120

Diane Comeaux, Administrator, DCFS, introduced herself and Kevin Schiller, Director, Washoe County Department of Social Services to the Subcommittee. She also introduced Thomas Morton, Director of the Clark County Department of Family Services, who would present testimony via teleconference from Las Vegas.

Ms. Comeaux called the Subcommittee's attention to Exhibit G entitled "Division of Child and Family Services, Legislative Commission's Budget Subcommittee Presentation, Friday, January 23, 2009," and Exhibit H, "Presentation to the Legislative Commission's Budget Subcommittee" from Mr. Morton, and stated that copies of both exhibits had been provided to members.

Ms. Comeaux indicated that the DCFS provided mental health services in Washoe and Clark Counties, with services to children in rural counties being provided by the Division of Mental Health and Developmental Services. The DCFS provided child protective and child welfare services in rural areas, but in Washoe and Clark Counties, those services were provided by county agencies. Ms. Comeaux stated that the DCFS provided state-operated juvenile facilities and also the parole function once youth were released from one of the juvenile facilities.

Continuing her presentation, Ms. Comeaux referenced page 3 of the exhibit, which depicted an organizational chart for the DCFS and page 4, which depicted the pie chart prepared by the Department of Health and Human Services (DHHS) by division, based on recommendations in The Executive Budget for the 2009-2011 biennium. Ms. Comeaux pointed out that the DCFS made up 8.18 percent of the overall budget for the DHHS.
Page 5 of the exhibit contained pie charts that depicted the breakdown by program spending in each area. Ms. Comeaux indicated that the total recommended revenues in The Executive Budget over the biennium for the DCFS was $455,779,150, which included the funding for 997.97 full time equivalent (FTE) positions. She noted that the DCFS was legislatively approved for 1,059 FTEs for FY 2009. Ms. Comeaux pointed out that the largest program administered by the DCFS was child protective and welfare services, which represented approximately 55 percent of the overall budget for the DCFS.

Ms. Comeaux said that page 6 of the exhibit contained a pie chart that depicted the total recommended General Fund support by division in The Executive Budget. Of the total amount, the DCFS comprised 12.76 percent of the overall General Fund appropriation for the DHHS.

According to Ms. Comeaux, page 7 of the exhibit contained a breakdown of the overall funding for the DCFS, both federal and General Fund appropriations. She explained that the General Fund appropriation accounted for 55 percent of the funding for the DCFS in FY 2010, and 57 percent in FY 2011.

Ms. Comeaux stated that page 8 of the exhibit contained the budget summary of the overall legislatively approved funding for the 2007-2009 biennium. She said there were impacts on funding that had been brought about by changes in programs at the federal level. In both years of the biennium, approximately 52 percent of the budget for DCFS was from General Fund allocations. Ms. Comeaux reported that there would be an increase in the General Fund allocation for the 2009-2011 biennium as recommended in The Executive Budget.

Continuing her presentation, Ms. Comeaux referenced page 9 of Exhibit G and stated that eight vacant positions, along with associated costs, would be eliminated from Budget Account (BA) 3145, Children, Youth and Family Administration and BA 3143, Unified Nevada Information Technology for Youth (UNITY) and Statewide Automated Child Welfare Information System (SACWIS). Ms. Comeaux said based on that action, the General Fund savings would be $271,000 in FY 2010 and $274,000 in FY 2011. The exhibit depicted the type of positions that would be eliminated.

Page 10 of the exhibit contained the budget reductions for BA 3646, Southern Nevada Child and Adolescent Services. Ms. Comeaux explained that BA 3646, contained decision unit Enhancement (E)680, which recommended conversion of the janitorial services contract for the West Charleston Campus to three part-time state FTE positions. That action would net a General Fund savings of $16,478 in FY 2010 and $21,997 in FY 2011.

Ms. Comeaux said that BA 3646 included decision unit Maintenance (M)160, which would eliminate the conversion of one Desert Willow Treatment Center unit to a co-occurring disorder unit. She commented that the 74th Legislative Session approved a decision unit to convert the unit to provide services for children with co-occurring disorders, which would include severely emotionally disturbed and drug-addicted children. However, said Ms. Comeaux, because of budget constraints the DCFS was not able to implement the conversion program in FY 2008-09, and the conversion was not recommended for funding in the 2009-2011 biennium.

Ms. Comeaux stated that BA 3281, Northern Nevada Child and Adolescent Services, also contained decision unit M160, which eliminated the positions for a half-day, day treatment program in the Early Childhood Treatment Program
previously approved for FY 2008-09. Because of budget constraints, the DCFS was not able to implement the program.

According to Ms. Comeaux, page 11 of the exhibit addressed the adjustment that was made in the base budget for the DCFS regarding the contract to provide mobile crisis and stabilization services, which had been approved by the 74th Legislative Session for implementation in the 2007-2009 biennium. She stated that the funding for those services was approved in BA 3646 for $475,891 in FY 2008 and $465,067 in FY 2009. Ms. Comeaux explained that the mobile unit was not implemented because of budget reductions, and funding was not recommended in The Executive Budget for the 2009-2011 biennium.

Ms. Comeaux reported that page 12 of Exhibit G contained the budget reductions for BA 3229, Rural Child Welfare, and BA 3242, Child Welfare Trust. In BA 3229, decision unit E600 recommended closure of the Hawthorne office. Ms. Comeaux stated that one social worker was assigned to that location along with one part-time administrative assistant position. She indicated that the DCFS would relocate those two staff members to another office when the Hawthorne office was closed. Currently, said Ms. Comeaux, the DCFS shared that office with the Division of Welfare and Supportive Services (DWSS), which had also slated its Hawthorne office for closure.

Chair Arberry asked whether DCFS would break its lease when it closed the Hawthorne office. Ms. Comeaux said it was her understanding that the lease was on a month-to-month basis.

Assemblywoman Leslie asked whether the office would be relocated and, if so, where it would be located. Ms. Comeaux said that clients in Hawthorne would be served by the Yerington office. Assemblywoman Leslie asked whether one of the consequences of that decision would be that staff would have to drive to Hawthorne to follow-up on complaints. Ms. Comeaux replied in the affirmative. Assemblywoman Leslie asked whether the social worker would provide ongoing services. Ms. Comeaux stated that most social workers in the rural offices provided child protective services and ongoing services.

Assemblywoman Leslie pointed out that there would be additional expenses in the in-state travel category because the social worker would be traveling between Yerington and Hawthorne. She asked whether in-state travel expenses were cheaper than the share of the lease paid by the DCFS in Hawthorne. Ms. Comeaux stated that in-state travel expenses would be less than paying the full price of the lease for the Hawthorne office. Assemblywoman Leslie wondered whether the Hawthorne office could be relocated to a less-costly building. She indicated that the situation would be further discussed at future joint subcommittee meetings.

Continuing her presentation, Ms. Comeaux referred to page 12 of the exhibit, and explained that decision unit E325 would allow the DCFS to collect additional Supplemental Security Income (SSI) payments. The DCFS had entered into a contract with a consulting firm to assist the Division in establishing SSI eligibility for children. Ms. Comeaux stated that the DCFS had already initiated the process, and it would take approximately one year before the DCFS anticipated an increase in revenues from that program. She said the DCFS projected the increase in revenues in each year of the biennium at approximately $600,000.
Ms. Comeaux indicated that the DCFS would reinvest the additional revenue in rural child welfare to support two additional positions. The two administrative assistant positions would help provide program support and data input for the Unified Nevada Information Technology for Youth (UNITY) system. Historically, said Ms. Comeaux, insufficient data was reported from the rural areas because of the workload and position vacancies; the last thing social workers had time to do was input data into the UNITY system. Ms. Comeaux said the DCFS believed those two additional staff members would certainly assist with improving the quality of data.

Eight family support worker positions were requested in BA 3229 and Ms. Comeaux explained that four positions currently served the rural areas. She indicated that family support workers provided homemaking skills and health and nutrition care. She reported that workers actually entered the homes to provide preventative services so that the children could remain in the home as opposed to removal. Ms. Comeaux said the DCFS would request one family support worker for each unit, which would be consistent with the approved staffing standards for Washoe and Clark Counties.

Page 13 of Exhibit G contained the budget reductions within juvenile justice services. Ms. Comeaux indicated that a number of decision units in BA 3179, Caliente Youth Center; BA 3259, Nevada Youth Training Center; and BA 3148, Juvenile Correctional Facility (Summit View Youth Correctional Center), proposed closure of living units at each juvenile facilities. She stated that the recommendation was to close one living unit at the Nevada Youth Training Center (NYTC) and the Caliente Youth Center (CYC). Those recommendations would reduce the population by 20 beds at CYC from 140 beds to a capacity of 120 beds, and reduce the population by 20 beds at NYTC from 160 beds to a capacity of 140 beds. Ms. Comeaux noted that the DCFS also proposed to close two housing units, or one entire building, at the Summit View Youth Correctional Center, which would be a reduction from 96 beds to 48 beds.

Assemblywoman Leslie asked whether there was an analysis that supported the proposed reduction in beds at the juvenile facilities. Ms. Comeaux replied that the current population at the Summit View Youth Correctional Center was 48, the current population at CYC was 116 and the current population at NYTC was 115. She stated that in 2006 there were 651 commitments from the counties to the state facilities and in 2007 the commitments were down to 546, which represented a 16 percent reduction. Ms. Comeaux stated that in 2008, the commitments from the counties to the state decreased to 457, which represented an additional 16 percent reduction.

Assemblywoman Leslie agreed that the situation was not the same as it had been a few years ago when children were being housed at the local detention facilities awaiting available space at one of the state facilities. She asked whether the reduction in beds was based on fewer commitments from the counties. Ms. Comeaux said the situation was different, and she believed that the data for residential treatment homes indicated that many juveniles were being diverted to that type of treatment.

Ms. Comeaux further explained that when the DCFS originally contemplated the behavioral health redesign, there were approximately 95 juveniles in parental custody where they received residential treatment services. The DCFS surveyed the providers of residential services in August 2008, and the number of juveniles in residential treatment had increased to 250. Ms. Comeaux believed that the counties were working very diligently to ensure that juveniles
were sent to a more appropriate placement, rather than simply committing them to state custody.

Assemblywoman Leslie asked whether the DCFS was giving consideration to simply shutting down the CYC and the NYTC facilities and moving that money to community-based programs in Las Vegas and Reno. Ms. Comeaux stated that the original budget proposal for the DCFS exempted juvenile services from the budget cuts. The DCFS was aware that the population of the facilities had decreased and there was less need for the additional beds. Ms. Comeaux indicated that the DCFS asked that the money be diverted to community programs, but unfortunately, that had not been the case.

Assemblywoman Leslie believed the juvenile facilities were an issue that would be discussed further at future joint subcommittee meetings. She felt that perhaps this session would be the right time to make the shift from juvenile facilities to community programs. Assemblywoman Leslie pointed out that the psychologist position at the CYC had been vacant since 2005, so perhaps it was time to continue with the trend of allowing juveniles to remain in the communities where they resided, rather than shipping them to state facilities.

Ms. Comeaux believed there would always be a need for some beds at the juvenile facilities because there were some juveniles who simply could not be served in the community. However, the DCFS preferred that juveniles be served in the community if at all possible. Ms. Comeaux said the shift to treatment homes would allow juveniles to remain in their communities and would better address their mental health needs. Assemblywoman Leslie agreed, and stated one of her concerns was sending urban juveniles to rural communities where there was a lack of mental health programs.

Continuing her presentation, Ms. Comeaux noted that page 14 of Exhibit G contained the remaining budget reductions in juvenile justice services. The budget proposed to transfer the state-funded Independence High School at the NYTC to the Elko County School District. Originally, said Ms. Comeaux, the DCFS proposed to review two options, either turning the high school over to the Elko County School District or applying for a charter school. Ms. Comeaux said the DCFS had applied for a charter school; however, the application was denied because the DCFS did not have the required independent board in place to oversee a charter school. She stated that there was nothing prohibiting the DCFS from reapplying in the future, but the original application had been denied.

Ms. Comeaux indicated that DCFS had held a number of discussions with the Elko County School District, and the school board would meet soon to discuss the issue of taking over the high school at the NYTC. Ms. Comeaux advised that such action would be consistent with the other schools located within juvenile facilities. The school at Summit View Youth Correctional Center was administered through the Clark County School District, and the school at the CYC was administered by the Lincoln County School District.

Assemblywoman Smith commented that transfer of Independence High School at NYTC to the Elko County School District would net the state a savings of $640,758 in FY 2010 and $647,905 in FY 2011. She asked whether the Elko County School District would then receive the allocation from the Distributive School Account (DSA) for that high school. Ms. Comeaux replied that was correct. Assemblywoman Smith asked how many students were enrolled in the high school. Ms. Comeaux said there could be up to 140 students in the high school at NYTC.
Assemblywoman Smith asked how the state would ensure that those students were appropriately served within the Elko County School District and whether those students would have access to the needed services. She also asked about the proposal that would be discussed by the Elko County School Board.

Ms. Comeaux replied that the proposal would model the school at NYTC like the schools within the CYC and the Summit View Youth Correctional Center. The school administered by the Lincoln County School District was located on the grounds of the CYC, and the school district teachers mapped out the curriculum and testing. Ms. Comeaux explained that the school district provided services for the traditional school year only through DSA funding, and the DCFS contracted with the school district to provide summer school classes so that juveniles could attend school year-around.

Ms. Comeaux stated that the vocational training programs at the NYTC would not transfer to the Elko County School District. She advised that the DCFS had some very strong vocational training programs in place at the NYTC, and the state would continue to operate those programs.

According to Ms. Comeaux, the school districts were very successful at ensuring that the needs of the students were met at the CYC and the Summit View Youth Correctional Center. Ms. Comeaux remarked that most of the juveniles who were sent to state facilities arrived with an Individual Education Plan (IEP), and the school districts had been very good about ensuring the continuation of the IEP for each student. Ms. Comeaux pointed out that when youths arrived at one of the state facilities, they were typically two to three years behind in school, and during the six months they remained at the juvenile facility, they usually improved their testing scores by about two years. She indicated that the gain was due to the student attending class every day. Ms. Comeaux explained that transfer of the high school would create a net savings in the budget for the NYTC.

Continuing her presentation, Ms. Comeaux discussed caseload growth included in BA 3145, Children, Youth and Family Administration, as presented on page 15 of Exhibit G. The DCFS projected a 15 percent caseload increase in adoption subsidies, an 11 percent caseload increase in substitute foster care maintenance payments, and a 7 percent increase in each year of the biennium for residential treatment placements. Ms. Comeaux reported that BA 3145 also included a 7 percent increase in residential treatment placements for those children who were not in the custody of a child welfare agency.

Page 16 of Exhibit G contained information about the federal economic stimulus package. Ms. Comeaux stated that The Executive Budget included a 58 percent Federal Medical Assistance Percentage rate (FMAP) in several DCFS budget accounts, which represented an increase from the 50-50 match requirement. She indicated that the 58 percent was similar to the percentage within the budget for Medicaid. Ms. Comeaux explained that the increase in reimbursement was effective in federal fiscal year 2010 only and would reduce the General Fund need by $3,886,533 in FY 2010 and $1,094,718 in FY 2011.

Ms. Comeaux stated that page 16 of the exhibit listed the actual impact of the 58 percent rate on the various budget accounts. She reminded the Subcommittee that even though the increase was part of the FMAP, it was also the reimbursement rate for the DCFS under Title IV-E maintenance payments for child welfare.
Under federal mandates on page 17 of the exhibit, Ms. Comeaux said that federal mandates were causing an increase in General Fund dollars within the DCFS budgets for the 2009-2011 biennium. The Deficit Reduction Omnibus Reconciliation Act of 2005 (DRA) had a very significant impact on child welfare budgets, including BA 3145, Children, Youth and Family Administration. Ms. Comeaux indicated that the DCFS estimated the impact to the child welfare budgets at $10,638,730 in FY 2009, $4,836,407 in FY 2010 and $4,993,241 in FY 2011.

Ms. Comeaux stated that the DRA affected several areas within the DCFS, and the first was unlicensed relative placements. Prior to implementation of the DRA, a child could be placed with an unlicensed relative who otherwise met Title IV-E eligibility, and the DCFS could claim Title IV-E administrative costs. Ms. Comeaux explained that the DCFS was never able to claim maintenance costs for those children. However, after implementation of the DRA, the DCFS was also no longer allowed to claim administrative costs for children placed with unlicensed relatives.

The second area was eligibility for Title IV-E foster care maintenance and adoption assistance. Ms. Comeaux stated that the DRA also reversed the language of the Rosales v. Thompson court decision that dealt with the removal of a child from either the parental home or from a relative's home. That decision allowed the DCFS to claim Title IV-E funding for those children. Under the stipulations of the DRA, the DCFS could no longer collect Title IV-E funding for those children.

The third area was permissible targeted case management (TCM) services, and Ms. Comeaux reported that the interpretation of the DRA by the Centers for Medicare and Medicaid Services (CMS) had been problematic for the DCFS. According to Ms. Comeaux, Washoe County was able to claim reimbursement for TCM services provided by its social workers, as was Clark County Juvenile Services. The DRA simply tightened up the circumstances under which an agency could claim funding for TCM services. However, said Ms. Comeaux, the CMS went somewhat further in its interpretation and introduced a final rule that specifically excluded reimbursement for TCM services to agencies that provided child welfare, child protective services, and parole and probation services. That rule was placed under a moratorium, but unfortunately the moratorium would end in March 2009. Ms. Comeaux indicated that the DCFS was somewhat unclear about the outcome, but the agency was hopeful that the issue would be resolved.

Ms. Comeaux stated that in working with Washoe County and Medicaid, the DCFS found that Washoe County had always been in compliance with the requirements of the DRA. She indicated that Washoe County had an approved cost-allocation plan in place and had been continually collecting reimbursement for TCM services. As long as the CMS rule remained within the parameters of the DRA, the DCFS was confident that Washoe County would be in compliance and would be able to continue claiming reimbursement for TCM services.

Ms. Comeaux indicated page 18 of the exhibit listed the federal mandate pertaining to BA 3263, Youth Parole Services. The budget contained a decision unit that requested a social service program specialist position to assist juvenile services in complying with the requirements of the Adoption and Foster Care Analysis Reporting System (AFCARS). Ms. Comeaux stated that a past audit of the Unified Nevada Information Technology for Youth (UNITY) system resulted in a finding that juvenile services also had to comply with the requirements of AFCARS because it was part of the child welfare service area of the DCFS.
Ms. Comeaux explained that the same services had to be provided to children in the custody of juvenile services as those provided to children in the custody of child welfare services. Ms. Comeaux explained that the social service program specialist would assist Youth Parole Services with the policies that had to be put into place and would participate in the child and family services review. The position would also conduct quality-assurance reviews to ensure that Youth Parole Services was in compliance with AFCARS.

Ms. Comeaux stated that page 19 of Exhibit G contained the federal mandates that pertained to BA 3145, Children, Youth and Families; BA 3229, Rural Child Welfare; and BA 3263, Youth Parole Services, and dealt mainly with rehabilitative services.

According to Ms. Comeaux, the CMS-proposed rule regarding Medicaid Rehabilitation Services was to tighten up definitions for the reimbursement of rehabilitative services under Medicaid. When the DCFS completed the behavioral health redesign, it developed a core rate of $66.62 for every child that was placed in rehabilitative services. Ms. Comeaux indicated that was a per diem rate, and certain services were included in the rate with the expectation that the provider would provide the included services to the youth.

Ms. Comeaux indicated that the change in the CMS rule was that the DCFS could no longer charge or pay a per diem rate, but rather every service had to be listed separately. The per diem rate of $66.62 included seven service components:

1. Medication management (ensuring that youth received the appropriate medication)
2. Crisis triage
3. Living skills/skills development (psychosocial rehabilitative services and basic skills)
4. Case management
5. Training/maintaining qualifications
6. Administration
7. Non-emergency transportation

Each of those components had a separate value in compiling the overall rate. Ms. Comeaux said of the seven components, the living skills/skills development component could be billed separately and directly to Medicaid. The other components were no longer billable to Medicaid. Ms. Comeaux indicated that DCFS had included a proposal in its budget to pay a specialized foster-care rate that would cover the components that were no longer covered by Medicaid.

Ms. Comeaux said when the DCFS developed the specialized foster-care rate, it also developed a proposal to increase room and board rates for specialized foster care. Some components were included in the $66.62 per day rate, specifically non-emergency transportation, which was also included in the regular foster-care rate. Part of the proposal would be to increase the room and board payments for an average of $17 per day to the regular foster-care rate of $24 per day and remove the non-emergency transportation component from the specialized foster-care rate. Ms. Comeaux said the estimated General Fund impact created by that change would be $2,370,436 in FY 2009, $8,290,459 in FY 2010 and $8,820,811 in FY 2011.
Continuing her presentation, Ms. Comeaux stated that page 20 of the exhibit contained the state mandates pertaining to BA 3149, Child Care Services. The City of Las Vegas Finance and Business Department notified the DCFS that the city would no longer be responsible for child care licensing and regulation. Ms. Comeaux reported that the city was shifting that responsibility to the state, which was permissible under Nevada Revised Statutes (NRS). The city was required to give the state a one-year notice, which the Division had received. In May 2009, the DCFS would take over the responsibility for child care licensing and regulation in BA 3149, Child Care Services. Ms. Comeaux stated that would add the monitoring of an additional 197 facilities that were currently licensed by the city.

Ms. Comeaux referred to page 21 of Exhibit G, "Other Federal Mandates," and explained that there were no decision units in the budgets that addressed certified public expenditures, but it was an issue that would need to be discussed. She explained that the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule that limited payments to government providers.

Chair Arberry asked Ms. Comeaux to revisit page 20 of the exhibit. He noted that the DCFS had received a letter on May 8, 2008, from the City of Las Vegas Finance and Business Department notifying the DCFS that the city would discontinue child care licensing and regulation. Ms. Comeaux explained that the DCFS would assume those responsibilities because the city would no longer provide that service. Chair Arberry asked how the city was able to "pass the buck" back to the state.

Ms. Comeaux explained that such action was permissible under law as currently written in the NRS. The NRS indicated that when a city ordinance was in place to provide child care licensing and regulation, the city would provide that service and the state would provide the service to facilities not licensed by local entities. Ms. Comeaux stated that the City of Las Vegas amended its city code to relieve the city of the responsibility for licensing and regulating child care facilities and provided notification to the DCFS on May 8, 2008. The DCFS had an agreement with the City of Las Vegas that it had to provide a one-year notice to return the responsibility to the state, and that notice had been provided.

Chair Arberry asked about the fee paid by providers to the licensing entity. Ms. Comeaux explained that the fee for licensing foster homes was quite low, and the majority of the cost would come from the General Fund; the state would receive the fees paid by providers.

Continuing her presentation, Ms. Comeaux again referred to page 21 of Exhibit G, "Other Federal Mandates," and explained that the CMS rule stated that the DCFS must file a report with Nevada Medicaid at the end of each fiscal year certifying that the DCFS had not charged more than the actual cost to provide medical services to Medicaid-eligible clients. Ms. Comeaux said that meant DCFS had to establish a process and amend its cost-allocation plan to comply with the CMS rule regarding allowable costs under Medicaid for mental health services, staff activities that could be charged to Medicaid, and the population served. According to Ms. Comeaux, the DCFS had made the necessary revisions, had an approved cost-allocation plan in place, and was monitoring the plan very closely.

Ms. Comeaux indicated that based on the current productivity, the CMS rule would not have a significant impact on the DCFS budget. Therefore, no adjustments had been included in the budget, but Ms. Comeaux said it was
a situation that DCFS would continue to monitor. She reported that the DCFS was the first agency to meet those CMS requirements, but all agencies that billed Medicaid for services would also have to meet the requirements.

Page 22 of Exhibit G contained federal mandates pertaining to treatment facilities, and Ms. Comeaux reported that the CMS performed a site visit at Desert Willow Treatment Center and reviewed the programs administered by the DCFS. During the visit, the CMS representatives notified the DCFS that Desert Willow Treatment Center could not provide both acute psychiatric care and residential treatment center (RTC) services under the same license. Ms. Comeaux indicated that even though the CMS had not issued any disallowances to date, it was pushing to ensure that the DCFS corrected that issue.

According to Ms. Comeaux, the DCFS had two options that would correct the situation:

1. The DCFS could close either the RTC unit or the acute psychiatric unit at the Desert Willow Treatment Center.
2. The DCFS could move the two acute psychiatric units from Desert Willow Treatment Center to the Stein Hospital, located on the campus of Southern Nevada Adult Mental Health Services (SNAMHS).

Ms. Comeaux indicated that the DCFS preferred the second option and had been working with the Division of Mental Health and Developmental Services regarding the move. She said that suitable space to meet the needs of the DCFS was available in Stein Hospital. According to Ms. Comeaux, a few renovations needed to be completed prior to the move, but the State Public Works Board (PWB) had issued a capital improvement project to complete the renovations. Ms. Comeaux reported there were a few issues still outstanding that the contractor needed to complete, and the DCFS had been in contact with the contractor to expedite the remaining renovations.

Ms. Comeaux noted that the DCFS had other issues to overcome with the move, such as licensing the units separately, separate JCAHO accreditation, and determining how the youth would attend school. Ms. Comeaux indicated that the DCFS was pursuing the second option to meet the CMS requirements.

Ms. Comeaux advised the Subcommittee that page 23 of Exhibit G depicted BA 3142, Clark County Integration. Mr. Morton would provide a more detailed review of that county’s budget.

According to Ms. Comeaux, the total budget for Clark County Integration for the 2009-2011 biennium was $155,092,596, which included the cost for 315 full-time equivalent (FTE) positions. Ms. Comeaux advised that of the total amount, $12 million represented Title IV-E pass-through funding to the county to support its front-end child welfare services.

Ms. Comeaux said that BA 3142 included:

- The continued funding of ongoing costs and the cost to Clark County for support of 302.06 FTE integration positions and associated travel and operating expenses.
- A 14.7 percent annual increase for regular foster-care maintenance payments.
- A 13.17 percent annual increase for relative foster-care maintenance payments.
A 3 percent annual increase in medically fragile and special rates.

A 10 percent annual increase in adoption subsidy payments.

The addition of ten FTE positions to support projected foster-care caseload growth.

The addition of three FTE positions to support the completion and maintenance of SSI for children in county custody.

Ms. Comeaux advised the Subcommittee that Mr. Morton would address the budget for Clark County.

Thomas Morton, Director, Clark County Department of Family Services (DFS), offered Exhibit H, a printed copy of his presentation, for the perusal of members. He commented that Clark County was still examining parts of The Executive Budget, and he was not quite certain that the county would agree with the analysis. Mr. Morton stated that he would defer comments on those budget provisions the county had not yet examined until future subcommittee meetings.

The Executive Budget contained two proposals that were addressed in Mr. Morton’s printed presentation (Exhibit H). Mr. Morton explained that the first proposal would achieve a savings of $945,263 by leaving positions vacant and $1,527,397 by imposing a 6 percent pay cut on the 302 state-funded DFS employees. That would be achieved by denying the state-funded employees their contractually negotiated salary increases and by not paying their earned longevity.

Mr. Morton advised the Subcommittee that the DFS had a legally binding collective bargaining agreement in place, and the county could not exercise such a provision against the 302 state-funded employees. He reported that the only way the DFS could attain the savings, which ultimately totaled $2,472,660, would be by leaving 32 FTE positions vacant for FY 2010. Mr. Morton emphasized that such action might mean that caseloads would once again rise well above 30 children per worker, foster homes might not be licensed in a timely manner, and children ready for adoption and guardianship might remain in foster care longer.

The DFS had been using funds in the shelter care portion of its budget to pay an enhanced rate for two populations of children involving sibling groups. Mr. Morton explained that the enhanced rate was created as a strategy to keep the siblings of children placed in higher-level-of-care foster placements together with their brothers or sisters. At the present time, said Mr. Morton, that enhanced rate allowed 181 siblings to be placed together in the same homes. Mr. Morton recalled that the 73rd Legislative Session passed legislation that gave preference to placement of siblings together, which had been a great benefit to Clark County in achieving its goals. It had also been a great benefit to the county in keeping younger children from placement in Child Haven.

Mr. Morton indicated that during the 74th Legislative Session, a bill was passed requiring that no child between the ages of zero to six was to be placed into congregate shelter care, and the county had worked diligently to address that requirement. On June 10, 2006, Mr. Morton said there were 230 children in Child Haven, and as of January 22, 2009, the population consisted of 12 children. Mr. Morton reported that for the past seven days, there had been no placement of children between zero and six years of age in Child Haven, but today a sibling group of five children had been placed there, four of whom were under the age of six. He stated that action further emphasized the point that enhanced sibling rates were necessary if the county was to meet the policy
objectives enacted by the Legislature and supported by the Clark County Commission.

Mr. Morton advised that on February 9, 2009, DFS began mediation with the plaintiffs in the Clark K. v. Willden lawsuit brought by the National Center for Youth Law. He advised that two of the main issues under mediation dealt with caseload sizes and the split placement of siblings. Should The Executive Budget be enacted as presented, Mr. Morton believed it would represent a significant step backward for the DFS in fulfilling its policy commitment in those two areas.

Chair Arberry thanked Mr. Morton for his comments and Exhibit H and asked Ms. Comeaux to continue her presentation.

Ms. Comeaux referenced page 24 of Exhibit G, which contained information pertaining to BA 3141, Washoe County Integration. The recommendation for BA 3141 for the 2009-2011 biennium totaled $60,290,067, which included the costs for 94.06 FTE positions. Of the total request, $7,851,176 represented the Title IV-E pass-through support for Washoe County and $52,438,891 supported child welfare services transferred as a part of child welfare integration.

Ms. Comeaux stated that BA 3141 included:

1. The continued funding of ongoing costs of Washoe County Child Welfare Services and 92.06 FTE positions and associated costs.
2. No projected caseload increases for substitute foster-care maintenance payments.
3. A 12 percent annual caseload increase for adoption subsidy payments.
4. The addition of two FTE positions to support additional adoption caseload increases.
5. An assumption that the CMS proposed rule regarding targeted case-management services would be repealed and that Washoe County would be allowed to continue claiming federal reimbursement for those services.

Ms. Comeaux advised the Subcommittee that Mr. Schiller would address the budget for Washoe County.

Kevin Schiller, Director, Washoe County Department of Social Services, advised that he would like to highlight the proposed CMS rule regarding targeted case-management reimbursement that was included in The Executive Budget and whether the rule would be implemented. Mr. Schiller pointed out that Washoe County also had a collective bargaining agreement with staff, and it too was reviewing the proposed cost savings measures related to salary, merit raises, and longevity. No final determinations had been made regarding those measures. He noted that the county would be required to make up the difference in pay if there was a 6 percent pay cut for the 92 state-funded positions.

Mr. Schiller said that in June 2008, approximately 586 children were placed in substitute-care settings, and in December 2008, the number dropped to 581. He indicated that the population in substitute care had leveled-off, and that was the reason the county had not requested a caseload increase for adoption subsidy payments.
According to Mr. Schiller, in August 2008 the Department completed a reorganization, which included combining the investigative units and permanency units under one supervisor. Mr. Schiller stated that would provide a better continuum of care and service delivery between the supervisor and workers. The Department also created a family solutions team process that was based on a family decision-making engagement process.

Mr. Schiller further explained that when children were removed from a home, the caseworker and participants were required to appear at a mandatory meeting that was conducted by a trained facilitator. The focus of the meeting would be ensuring the safety of the children, providing support, and engaging partners to assist the family system and keep the children from requiring placement.

Mr. Schiller indicated that both programs were modeled after the procedures utilized by Larimer County, Colorado, which had realized a significant increase in its federal outcomes. He stated that Washoe County initiated the changes in August 2008, and while it was too early to determine the results, Mr. Schiller said the county believed that part of the reorganization may have reduced the county's foster-care population and would continue to have a favorable impact.

Assemblywoman Leslie noted that Mr. Morton's comment was that the 6 percent pay cut and elimination of longevity would result in an approximately $1.5 million cost to Clark County, and she asked about the impact on Washoe County. Mr. Schiller replied that the estimate was approximately $527,000 in FY 2010 and $549,000 in FY 2011. Assemblywoman Leslie remarked that would be approximately $1 million. She pointed out that the proposal was somewhat unrealistic because the state could not dictate the amount a county paid its workers.

Assemblywoman Leslie asked about the impact such a cut would have on programs. Mr. Schiller replied that several positions had been frozen, and the county believed it had done all it could with that option. Making up the difference in pay for state-funded positions would probably have an unfavorable impact on overall caseloads. Also, said Mr. Schiller, the county would have to review positions in combination with program cuts. He believed that the review would be based on mandated versus non-mandated services and how the county could continue to provide the necessary services to families and children with positions being eliminated.

Mr. Schiller stated that the proposed 6 percent pay cut for state-funded positions would have a significant impact on Washoe County's ability to conduct preventative programs, provide foster care and reunite families more quickly.

Assemblywoman Buckley asked Ms. Comeaux to revisit the federal mandates beginning on page 17, Exhibit G, and asked for clarification regarding the unlicensed relative placements.

Ms. Comeaux explained that previous to the Deficit Reduction Omnibus Reconciliation Act of 2005 (DRA), when a child was placed with an unlicensed relative the DCFS was not able to claim maintenance costs in the foster care payments to those relatives. However, said Ms. Comeaux, if the relatives met all other eligibility qualifications, the DCFS was able to claim the administrative and case management costs.
According to Ms. Comeaux, the DRA eliminated the provision that allowed the DCFS to claim administrative costs for children in unlicensed relative placements. Those children were no longer eligible for Title IV-E reimbursement nor were they eligible for Title IV-E administrative claims.

Assemblywoman Buckley asked whether the DRA affected the funding paid to unlicensed relatives or whether it affected the administrative costs claimed by the DCFS. Ms. Comeaux replied that it related to the costs claimed by the DCFS. Assemblywoman Buckley asked about the status of the payments to relatives on limited budgets who agreed to foster a child. She recalled a shift by the DCFS regarding unlicensed relative placements.

Ms. Comeaux said at the present time the DCFS was advocating licensure for relative placements so that relatives could receive the foster-care payment. She stated that there had been a fairly significant increase in licensed relative placements throughout all placement areas.

Assemblywoman Buckley asked whether the increase in licensed relative placements was based on the requirements of the DCFS, and Ms. Comeaux replied that was correct. Assemblywoman Buckley asked why the DCFS was now requiring that relative placements be licensed. Ms. Comeaux explained that the issue was based on finances. Assemblywoman Buckley asked whether that was because there was no other way to provide financial assistance to unlicensed relatives. Ms. Comeaux stated that was correct. She clarified that there was no way to provide financial assistance to unlicensed relatives under Title IV-E funding. However, the DCFS could provide such assistance by using 100 percent General Fund dollars.

Assemblywoman Buckley asked about the possibility of unlicensed relatives qualifying under kinship care. Ms. Comeaux replied that a number of unlicensed relative placements were qualified under kinship care, which was encouraged by the DCFS. The DCFS could then continue working with the family until such time as the relatives assumed guardianship of the child.

Assemblywoman Buckley asked about relatives who did not meet licensing requirements, even though it would be in the best interest of the child to be placed with that relative. For example, she asked whether there was flexibility in the system that would allow a 16-year-old to be placed with a soon-to-be 18-year-old sibling.

Mr. Schiller replied that under Title IV-E there were specific requirements related to licensure of relatives. For exceptional cases, as outlined by Assemblywoman Buckley, or in the case of a relative who had a criminal background, Washoe County submitted a waiver that requested an approval for that relative through Title IV-E funding. If that approval was not forthcoming, Mr. Schiller reported that the county had made exceptions in cases that were in the best interest of the child and would provide payments to the family.

Assemblywoman Buckley asked whether Washoe County had the flexibility to require lesser licensing requirements for relatives than that of the state, or did the Title IV-E reimbursement system require licensing requirements to be identical. Mr. Schiller believed that Washoe County could not have a different standard between relative placements and licensed foster parents unrelated to the child. Assemblywoman Buckley said her understanding was that Washoe County had the flexibility to submit a waiver for Title IV-E funding, and if that was not approved, the county could make an exception. Mr. Schiller stated that was correct.
Assemblywoman Buckley said there was a great deal of confusion in the field about payments for unlicensed relative placements. Most caseworkers simply stated that Title IV-E funding was not available, or that if a waiver was denied, there was no other source of funding. She asked that the issue be addressed during the current legislative session in some manner, perhaps through a Letter of Intent or a regulation change.

Assemblywoman Buckley asked that Ms. Comeaux address the federal mandates that pertained to eligibility for Title IV-E foster care maintenance and adoption assistance (page 17, Exhibit G).

Ms. Comeaux explained that the mandate dealt with eligibility for foster care maintenance and adoption assistance. The Rosales v. Thompson California court decision dealt with whether or not a child was eligible based on the home of removal. Ms. Comeaux said if a child was removed from a relative placement, the DCFS was able to claim Title IV-E for those children under that court decision. The Deficit Reduction Omnibus Reconciliation Act of 2005 (DRA) repealed the Rosales v. Thompson decision, and the DCFS had to fall back to other regulations. Ms. Comeaux stated that the impact was not significant on the DCFS, but there was an impact on its budgets.

Assemblywoman Buckley asked what that meant for families and were there any changes in adoption assistance subsidies or eligibility. Ms. Comeaux replied that there were no changes in subsidies, but there was a difference in eligibility requirements. She explained that when children entered the system, the DCFS took every possible step to make those children Title IV-E eligible, but only about 60 percent of the population was Title IV-E eligible. Ms. Comeaux indicated that the DCFS provided the same services to children even when they were not Title IV-E eligible.

Assemblywoman Buckley asked why only 60 percent of the children were eligible under Title IV-E. Ms. Comeaux said there were a number of reasons why a child was deemed not eligible, one was income level, another was failure to complete the necessary court work that would make the child eligible, and a third was placement with an unlicensed relative. Ms. Comeaux stated that the penetration rate for the DCFS dropped from approximately 74 percent to approximately 60 percent because of unlicensed relative placements.

Mr. Morton explained that when Title IV-E was created in 1980 through Public Law (PL) 96-272, eligibility was tied to the then Aid to Families with Dependent Children (AFDC) eligibility rate. When the Welfare Reform Act was passed in 1997, the AFDC eligibility rate was eliminated, and Congress created a "look back" provision tying Title IV-E eligibility to the 1997 level. Mr. Morton stated that eligibility had remained at that index for the past 11 years. When Title IV-E was first passed, approximately 80 percent of the children in the child welfare system were eligible. Today, said Mr. Morton, the national percentage was approximately 50 percent, and a major reason for that decrease was the "look-back" provision and the failure of Congress to address that provision. According to Mr. Morton, child welfare systems were still determining Title IV-E eligibility based on a 1997 income standard. Given inflation and increases in income, Mr. Morton indicated that more and more families became ineligible every year.

Assemblywoman Buckley opined that when Nevada's congressional delegation came to address the Legislature, legislators should ask whether the delegation had made any strides in updating the Title IV-E provision regarding eligibility.
Assemblywoman Buckley advised the Subcommittee that Representative Shelley Berkley had been working on that provision.

Assemblywoman Smith said that in reviewing pages 23 and 24 of Exhibit G regarding county child welfare integration, she noted that the cost for the front-end services for Washoe County appeared to be higher than the same costs for Clark County, and she asked about the difference.

Ms. Comeaux replied that there were a number of differences between Washoe and Clark Counties in providing preventative services. When child welfare integration first commenced, Clark County was not claiming Title IV-E reimbursement, but there had been some progress made toward attaining eligibility for certain services provided by Clark County. Ms. Comeaux reiterated that Title IV-E funding was very new to Clark County, and the county had only recently begun collecting Title IV-E funding for its front-end services.

Washoe County had much more experience in collecting Title IV-E funding, and Ms. Comeaux believed that was one of the reasons for the difference in funding levels. She noted that Washoe County provided more preventative services than Clark County. Ms. Comeaux explained that a large part of the budget in Clark County had historically been expended for Child Haven, which was specifically not allowable under Title IV-E.

Assemblywoman Smith asked that the issue be further explored and discussed at future joint subcommittee meetings.

Ms. Comeaux advised the Subcommittee that page 25 of Exhibit G contained the four bill draft requests (BDRs) submitted by the DCFS, and she offered the following explanations:

1. A.B. 76 would bring the DCFS into compliance with the requirements of the Federal Adam Walsh Act. When the DCFS placed a youth in an out-of-state placement, it had to conduct child abuse and neglect checks in the state where the youth was placed.
2. A.B. 83 would bring the DCFS into compliance with the specific changes made to the federal Child Abuse Prevention and Treatment Act (CAPTA) in the 2003 reauthorization.
3. A.B. 89 made a number of changes to child care licensing and changed certain crimes listed in the background checks of caregivers that would not allow the caregiver to be licensed. It also enabled the DCFS to conduct more thorough screenings of caregivers.
4. S.B. 86 would bring the DCFS into compliance with AFCARS reporting requirements.

Regarding capital improvement projects (CIPs), Ms. Comeaux indicated that The Executive Budget recommended four CIPs for the DCFS, as depicted on page 27 of Exhibit G.

That concluded Ms. Comeaux's presentation and she stated she would be happy to answer questions from the Subcommittee.

Cochair Mathews thanked Ms. Comeaux for her presentation and asked Ms. Sala to review the budget for the Division of Aging Services.
DIVISION FOR AGING SERVICES
BUDGET PAGE AGING 1-59

Carol Sala, Administrator, Division for Aging Services (DAS), Department of Health and Human Services (DHHS), introduced herself and Brenda Berry, Administrative Services Officer, to the Subcommittee.

Ms. Sala indicated that the state had faced many difficulties during the past couple of years and would face additional difficulties in the future. The DAS, like all other agencies, had to make budget cuts during FY 2008-09. She said the DAS had decreased caseloads, decreased senior tax rebate checks, and decreased grant funding under the Independent Living Grants program. Ms. Sala stated that the focus of the DAS budget cuts remained on the need to do the least harm to the senior citizens of Nevada. Ms. Sala indicated that although the DAS had been faced with difficult choices and had continued to do business with fewer staff, the DAS continued to strive to balance the demand for services with diminishing resources. Ms. Sala said that making the difficult decisions had taken creativity on the part of the DAS and on the part of its community provider networks and partners.

Ms. Sala stated that she would not quote the statistics on the growing senior population. She explained that Nevada continued to have one of the fastest growing senior populations in the nation, particularly the population with the most critical needs, those who were 85 years of age or older.

Ms. Sala called the Subcommittee's attention to Exhibit I, "Overview of Budget Presentation to the Money Committees of the 2009 Legislature, Division for Aging Services and Office of Disability Services," to which she would refer throughout her presentation.

Ms. Sala said the mission for the Division for Aging Services (DAS) was listed on page 1 of the exhibit, and she stated that the DAS primarily served Nevadans age 60 and older.

Ms. Sala reported that the DAS currently administered five budget accounts. Also included in the exhibit were three additional budget accounts that were currently within the Director's Office of the Department of Health and Human Services (DHHS) and managed by the Office of Disability Services. Ms. Sala explained that the proposal was to transfer those programs into a new Division of Aging and Disability Services. As noted in the mission statement on page 1 of the exhibit, the potential addition of persons with disabilities to the DAS was consistent with DAS's focus of serving people in need of assistance to help them remain as independent as possible.

According to Ms. Sala, the DAS currently administered services through four units organized by function: 1) Elder Rights Unit; 2) Community-Based Care Unit; 3) Resource Development Unit; and 4) Fiscal Services Unit. Ms. Sala said that DAS staff was located in four regional offices, Las Vegas, Reno, Carson City, and Elko, and provided services on a statewide basis from those offices.

Ms. Sala indicated that page 2 through page 4 of Exhibit I depicted the percentage of funding for the DAS in relation to the total Department of Health and Human Services (DHHS) budget, as well as the breakdown of funding sources for the DAS. Ms. Sala advised that page 5 of the exhibit outlined key management staff for the DAS, and page 6 reflected the structure of the proposed new division.
As previously mentioned, said Ms. Sala, there was a proposal to transfer the budget accounts and programs for the Office of Disability Services and the Division for Aging Services into a newly proposed Division of Aging and Disability Services. The Senior Rx and Disability Rx programs would also be transferred into the new Division. Ms. Sala explained that the reorganization was to provide greater coordination of services to people with similar needs and to streamline administrative functions.

According to Ms. Sala, the Office of Disability Services had been established within the DHHS following the 2003 Legislative Session, when the programs were transferred from the Department of Employment, Training and Rehabilitation. Since that time, said Ms. Sala, there had been discussion about making the Office a direct service agency rather than retaining it under the Director's Office.

Ms. Sala explained that many of the services provided through the DAS and the Office of Disability Services overlapped because many disabled individuals were aging and many seniors had disabilities. However, disabilities affected people across all age groups. Additionally, said Ms. Sala, the DAS had been moving forward with a project to improve access to services and long-term-care planning through the development of aging and disability resource centers. Although still in the developmental stages, she reported that the project had resulted in a partnership between DAS and two agencies focused on providing assistance to younger persons with disabilities. Ms. Sala said the partners were the Northern Nevada Center for Independent Living and Rebuilding all Goals Efficiently (R.A.G.E.) in Las Vegas. She noted that those partnerships had resulted in further coordinated efforts toward reducing the barriers in the service provider delivery system for all persons with disabilities.

Ms. Sala remarked that the provider network currently targeted at younger people living with disabilities had made significant progress in a service delivery model that could apply to other age groups. She stated that the federal Administration on Aging, from which the DAS received funding, had embedded the concept of Aging and Disability Resource Centers (ADRCs) into the Older Americans Act, and ADRCs had become the cornerstone for their service delivery model. Ms. Sala said the intent of ADRCs was to provide easier access to services and information for people of all ages. She believed that reinforced the logical fit between the service systems of the DAS and the Office of Disability Services.

The Senior Rx and Disability Rx programs were also a natural fit with the DAS's State Health Insurance Assistance Program (SHIP), and Ms. Sala stated that the two entities had been coordinating on Medicare Part D issues for several years.

Ms. Sala advised the Subcommittee that although budget account information pertaining to the programs for the Office of Disability Services was included in Exhibit I, she would address only the budget accounts currently within the Division for Aging Services. She noted that the budget accounts for the Office of Disability had been addressed earlier in the meeting by Mr. Butterworth.

Ms. Sala referenced page 8 of the exhibit and stated that BA 3151, Aging Federal Programs and Administration, included the DAS administration as well as the Resource Development, Elder Rights, and Fiscal Services Units. She stated that the Resource Development Unit was responsible for grants administration, community resource development and elder rights advocate activities for seniors in the community. Ms. Sala indicated that the Resource
Development Unit managed federal, state, and tobacco settlement independent living grants to support statewide senior services.

Ms. Sala indicated that the Elder Rights Unit was established under Title VII of the Older Americans Act and the NRS. She stated that the Unit's responsibilities included maintenance of a statewide repository of elder-abuse reports, coordination of protective services, development of legal services, provision of ombudsman functions for institutionalized elderly, and counseling on benefits.

Ms. Sala explained that funding for BA 3151 was a combination of state General Fund appropriations and federal funding. She remarked that the state General Fund appropriation supported the DAS administration, provided the required match for federal funds and supplemented programs for senior volunteers, senior transportation, and rural senior services. Ms. Sala stated that federal funds were received from the Administration on Aging under Title III and Title VII of the Older Americans Act, from the Department of Labor under Title V, and from the Centers for Medicare and Medicaid Services (CMS) for SHIP.

Ms. Sala reported that funding was also received from the Taxicab Authority to operate the Senior Ride program in Clark County. She indicated that Senior Ride coupon sales and the oil overcharge rebate from the Nevada Energy Office were also sources of funding.

Ms. Sala referenced decision unit E250, which recommended continued funding for a social services program specialist II. The position was initially funded through a federal grant from the Administration on Aging. However, said Ms. Sala, because of funding issues and further potential budget cuts, the position had been held vacant since the loss of the program manager in July 2008. Ms. Sala emphasized that the position was critical to managing the Aging and Disability Resource Center (ADRC) project and to the continued development of ADRCs to attain the goal of providing fully functional centers.

According to Ms. Sala, the ADRC concept was designed to be a single source of information to assist seniors and persons with disabilities and their families with accessing long-term-care options and planning for their needs. She commented that the Administration on Aging had focused on the ADRC structure as the cornerstone of future program delivery. Ms. Sala stated that the idea was to help people plan for their future care needs and to avert crises. Other states had been redirecting people to use their personal resources to avoid more costly institutionalization. Ms. Sala indicated it was not a mechanism to steer people into federal or state-funded programs, but rather to allow them to understand the entire array of payment sources and services.

Recently, said Ms. Sala, the DAS had to pass on the opportunity to apply for two federal grants through the Administration on Aging because it had not yet completed a fully functional ADRC structure. She said it was critical that the DAS take the necessary steps to attain that goal and have the ability to obtain and maintain future federal grant-funding associated with ADRC activities.

Assemblyman Hogan asked Ms. Sala to address the current status of the ADRCs. Ms. Sala replied that the DAS had established two partnerships that were acting as ADRCs. The northern partnership consisted of a combination of the Northern Nevada Center for Independent Living and the Washoe County Senior Center, and the ADRC in Southern Nevada was through Rebuilding all Goals Efficiently (R.A.G.E.). Ms. Sala noted that the staff at those ADRCs had been trained by the DAS to take calls and provide assistance.
Ms. Sala stated that the concept was to establish additional partners throughout Nevada, particularly in the rural areas. The DAS had been at a disadvantage because of the aforementioned vacant position. Ms. Sala commented that the position would address the many steps in marketing the ADRC concept, build the policies and procedures, and train the staff of the new partners to become qualified as an ADRC. Ms. Sala indicated that the two established ADRCs had been successful, but the DAS needed to establish ADRCs in rural Nevada and also build additional partnerships with community agencies in northern and southern Nevada.

Assemblyman Hogan asked whether the DAS had an approximation of the number of ADRCs that would be established throughout the state. Ms. Sala replied that the DAS did not have a specific number for creation of ADRCs because the concept was not based on the establishment of new offices, but rather on the use of existing service providers. She stated that the DAS would attempt to locate the community focal point for seniors, such as a senior center, in the various locations and to train staff at that center to become the designated ADRC for that area.

Ms. Sala explained that rather than undertaking a project that created a completely new system, the DAS would develop the ADRC concept with its existing partners and provide training to staff to assist with planning. The DAS had held discussions with the Division of Welfare and Supportive Services regarding access to that division’s electronic application system. Ms. Sala said that would allow persons to visit any site designed as a community focal point and access the necessary information with the help of trained staff.

Continuing her presentation, Ms. Sala referred to decision unit E275, page 9, Exhibit I, which requested funding to purchase two software licenses to access the Medicaid claims data warehouse contracted through the Division of Health Care Financing and Policy. She said that access would allow the fiscal staff of the DAS to validate and track expenditures for waiver clients in a timely manner to ensure the proper and efficient operation of those Medicaid programs. Ms. Sala indicated that the review would allow the DAS to identify and address provider billing issues or improper billing, thus ensuring that the state would not be liable for reimbursement of federal funds at a later date.

Ms. Sala explained that the DAS currently billed Medicaid for its providers, but the DAS had been working with Medicaid to move the providers into direct billing. When that occurred, the DAS would no longer have access to the day-to-day billing process and would need to audit on the back end to ensure proper billing.

Ms. Sala stated that decision unit E276, page 9 of the exhibit, requested funding to purchase and install antennas and receivers to provide broadband wireless network infrastructure for the Las Vegas and Reno offices. That would allow the efficient utilization of the web-based client-management application for the Social Assistance Management System (SAMS). Ms. Sala indicated that approximately 43 percent of the DAS staff used SAMS to track ombudsman, Elder Protective Services, and Medicaid-waiver case records and to obtain provider authorization and performance indicator information.

Ms. Sala explained that the Department of Information Technology (DoIT) had been developing a solution to address the inadequate access for state employees to the Internet by means of a broadband wireless infrastructure. Currently, said Ms. Sala, all offices within the DAS had minimal connectivity to Silvernet, the statewide wide-area-network infrastructure. She said the
proposed broadband infrastructure would allow the work flow to occur more quickly and allow DAS staff to efficiently navigate the SAMS web-based application. Ms. Sala stated that the DAS conducted all case management through the Internet via a case-management system located out-of-state. Once installed, there would be a cost savings of $300 per month based on circuits no longer needed through DoIT.

Page 10 of Exhibit I addressed decision unit E325. Ms. Sala said that decision unit would replace the loss of $20,000 in funding currently received from the Petroleum Overcharge Rebate via the Nevada State Office of Energy with Title XX funding from the Department of Health and Human Services (DHHS). Ms. Sala explained that the $20,000 in funding would be added to $70,000 of state General Fund and passed through to rural city and county governments to support transportation programs for seniors and persons with disabilities.

According to Ms. Sala, rural governmental entities used those funds as a match for the Federal Transportation Act (FTA) funding received from the Nevada Department of Transportation (NDOT) to purchase vehicles for their programs. She remarked that FTA moneys funded 80 percent of the cost of vehicles, NDOT funded 10 percent of the cost, and the DAS provided the remaining 10 percent. Ms. Sala stated that the DAS had reallocated General Fund dollars in its budget to appropriate expenditures to meet the federal match requirement. She pointed out that Title XX federal funding could not be used as a match for additional federal funding.

Continuing her presentation, Ms. Sala referenced decision unit E326 on page 10 of the exhibit, which reallocated funding for five elder rights advocate positions that were held vacant when the CMS refused to continue funding expenditures related to their activities. Over the past year, the DAS had received three letters from the CMS instructing the DAS to cease and desist billing Title XIX. Ms. Sala said the DAS had responded to each letter, and the last letter from CMS stated that it would disallow any future billing to Title XIX for the ombudsman program, even though the ombudsmen were assigned to facilities to work with Medicaid patients.

Ms. Sala explained that the funding requested in decision unit E326 would allow the DAS to fill the critical elder rights advocate positions and provide oversight within long-term care facilities. She told the Subcommittee that holding those positions vacant had reduced the DAS's ability to respond to complaints issued concerning residents' needs in long-term-care facilities, particularly in group homes and the smaller two-bed homes.

Currently, said Ms. Sala, there were three elder rights advocates covering the Las Vegas area, which included Clark, Esmeralda, Lincoln and Nye Counties, when there should be seven advocates in that area. Per Ms. Sala, that area of the state contained the majority of nursing and group homes. She noted that there was also a significant problem with unlicensed group homes and group homes providing poor care in the Las Vegas area.

Ms. Sala advised that over the past few weeks there had been several newspaper articles that outlined very serious situations that had occurred in group homes in southern Nevada. While the three ombudsmen continued to respond to such situations, Ms. Sala said it was very difficult because of the vacant positions. Those problems might have been avoided or their severity reduced had the ombudsman's program been fully staffed, thereby enabling the ombudsmen to be proactive rather than reactive. Additionally, said Ms. Sala, the vacancies affected the DAS's ability to comply with the expectations of the
Older Americans Act regarding required activities. She advised that the total General Fund request in decision unit E326 over the biennium was $209,135.

Assemblywoman McClain stated that the request in decision unit E326 was to fund five elder rights advocate positions, and she wondered whether the DAS really needed seven positions. Ms. Sala explained that the DAS was budgeted for seven advocate positions in the Las Vegas office and one position each in Elko, Carson City and Reno. Those three positions covered the remaining areas of the state. When CMS advised that it would no longer allow the DAS to bill Title XIX for elder rights advocates, Ms. Sala stated there was no other funding source available. As the positions became vacant, the DAS had to hold them vacant until a funding source could be located. She indicated that the three elder rights advocates located in Las Vegas were currently covering the entire state. Ms. Sala reported that once the funding was available to fill the five positions and fully staff the Las Vegas office, the DAS believed it could address all the needs.

Assemblywoman McClain asked whether the advocates would then be more proactive in reviewing the group homes. Ms. Sala stated that was correct. She explained that not only were the homes for individual residential care increasing, there were more and more unlicensed facilities popping up, particularly in Clark County, and the DAS was not aware of the unlicensed homes until a crisis occurred.

Continuing her presentation, Ms. Sala referred to page 11 of Exhibit I, and indicated that decision unit E805 recommended the reclassification of two classified positions within the DAS. The first was a management analyst III position that would be reclassified to an administrative services officer I position to more accurately reflect the actual duties performed. Ms. Sala stated that reclassification would result in no change in grade, step, or pay. The second position was a personnel analyst II position that would be reclassified to a personnel officer I position. Ms. Sala indicated that during the 74th Legislative Session a personnel officer I position had been approved for the DAS, but when the DAS attempted to fill the position, the Department of Personnel downgraded it to a personnel analyst. Since that time, reported Ms. Sala, the Department of Personnel had conducted an occupational study and determined that the duties of the position were more in line with those of a personnel officer I position. She noted that the upgrade would represent an increase in General Fund of $18,000 over the biennium.

Ms. Sala stated that BA 3146, Home and Community Based Programs, was depicted on page 12 of Exhibit I. The Community Based Care Unit under BA 3146 provided services to those seniors most at risk of nursing home placement through three Medicaid waivers and one state-funded program: 1) Community Home Based Initiatives Program (CHIP); 2) the Waiver for the Elderly in Adult Residential Care (WEARC); and 3) the Assisted Living (AL) waiver. The fourth funding source was the Community Service Options Program for the Elderly (COPE), which was the state-funded program. Ms. Sala noted that the scope of direct services included case management and waiver services such as homemaker, chore, adult day care, adult companion, respite, and nutrition therapy, along with augmented personal care for the AL waiver and attendant care for WEARC. Additionally, said Ms. Sala, the DAS's social workers were responsible for administrative activities, which might include:

- Information and referral
- Identification of clients
- Assessments
Ms. Sala explained that each social worker was projected to carry a caseload of 50 clients, which included 45 ongoing and 5 in-process cases.

According to Ms. Sala, funding for BA 3146 was a combination of Medicaid Title XIX funds, state General Fund appropriations, and tobacco settlement funds. She indicated that Medicaid Title XIX funds represented approximately 43 percent of the funding within the budget account.

Assemblywoman McClain noticed that no caseload increases were included in the three Medicaid waiver programs. Ms. Sala stated that was correct.

Ms. Sala explained that during FY 2009 the state initiated several rounds of budget reductions. The Division of Health Care Financing and Policy (HCF&P) negotiated reductions in the waiver caseloads managed by the DAS. She said those caseloads were reduced from the number approved by the 74th Legislative Session, and that reduction had been carried forward into the budget for the 2009-2011 biennium. Ms. Sala stated that all Medicaid caseloads had been held flat for the 2009-2011 biennium to meet budget reductions. She reported that the General Fund allocation for waivers was in the Medicaid budget, but there was a decision unit in the DAS budget that would transfer the General Fund allocation for administration costs for Medicaid waivers to the budget for the DAS.

Assemblywoman McClain said it appeared the DAS was cutting back on services, and she asked about the waiting lists for the Medicaid-waiver programs. She also wondered how persons were screened to avoid nursing home placements, which cost the state ten times as much as the waiver programs. Assemblywoman McClain stated that she could not see the logic in not increasing the caseloads as needed in the waiver programs.

Ms. Sala referenced page 32 of Exhibit I and stated that the current wait list as of January 1, 2009, was 113 for the CHIP waiver; 9 for the COPE state-funded program; zero for the Assisted Living (AL) program; 91 for the WEARC waiver; and 1 for the Title XX Homemaker waiver. Ms. Sala said that she had discussed the waiver caseload status with staff, and the best course of action appeared to be designating several staff to conduct the upfront assessment on referrals as persons applied for waivers. She explained that a social worker would visit the person when a referral was received to determine whether that person truly suffered from a functional deficit and whether they would meet the financial criteria of the program. Ms. Sala said that action would keep persons from being placed on a waiting list when they were not eligible.

Ms. Sala stated that the assessment by staff would provide an opportunity for DAS staff to refer persons not eligible for the waiver programs to other community programs that would provide services. The procedure had proven to reduce wait lists and wait-list time for eligible persons. Ms. Sala indicated that page 32 of the exhibit also listed the average length of days on wait-lists, but she anticipated that with the growing senior population the wait-list time would
begin to increase. Historically, said Ms. Sala, there had been fluidity with the wait lists for the waiver programs.

Assemblywoman McClain asked that Ms. Sala provide additional detail regarding the caseloads for the waiver programs at future joint subcommittee meetings. Ms. Sala agreed.

Continuing her presentation, Ms. Sala referred to page 12 of Exhibit I and said BA 3146 anticipated a slight increase in the COPE state-funded program. She explained that 12 slots were added to the COPE program for persons who met the criteria depicted in Chapter 426 of the NRS.

Ms. Sala indicated that page 13 of the exhibit depicted the decision units that continued the Medicaid-waiver caseload reductions and eliminated seven social worker positions associated with those slots. The reduction in caseload also reflected a decrease in a monthly average of 459 slots. Ms. Sala stated that the social worker positions that would be eliminated had been kept vacant for over nine months and, therefore, the DAS did not anticipate layoffs of staff.

According to Ms. Sala, the budget also included a decision unit that reduced the hourly rate for personal care assistants from $18.50 to $15.52. She explained that the reduction was across all divisions within the Department of Health and Human Services (DHHS).

Ms. Sala said the budget also included decision units to transfer the General Fund portion of payments for Medicaid Administration from the Division of Health Care Financing and Policy to the DAS.

Continuing her presentation, Ms. Sala indicated that page 15 of Exhibit I depicted BA 2363, Senior Citizens’ Property Tax Assistance. The Executive Budget recommended a General Fund increase of $1,012,944 in FY 2010 and $1,399,241 in FY 2011 to meet the projected growth in the number of applications received.

Assemblywoman McClain asked whether that increase would restore the program after budget cuts. Ms. Sala replied that the DAS had restored the program to its original level, and decision unit M200 addressed projected growth in applications received.

Assemblywoman McClain referred to page 16 of the exhibit, which depicted the funding from the Tobacco Settlement Program, BA 3140, used for the Independent Living Grants program and the Senior Rx and Disability Rx programs. She asked about the transfer of those programs to the proposed Division for Aging and Disability Services and whether the tobacco funding would move with the programs. Ms. Sala replied that the funding would transfer to the new division along with the programs.

Returning to BA 2363, page 15 of the exhibit, Ms. Sala advised that the DAS had requested additional funding in decision unit E276 to migrate the existing Access Database Senior Tax System to a Structured Query Language (SQL) database. Ms. Sala explained that the DAS was facing problems with the integrity of the Access database, which could not efficiently support the current database file size and number of users. The additional funding was for FY 2010 only. Ms. Sala advised the Subcommittee that that the recommendation from the Spending and Government Efficiency Commission (SAGE) was to move the senior tax program to the county level.
Ms. Sala reported that BA 3140, Tobacco Settlement Program, contained funding from Tobacco Settlement funds. She noted that there were no changes in the budget except the transfer of the Senior Rx and Disability Rx programs and staff, along with the tobacco funding for the programs, to the proposed Division for Aging and Disability Services.

Ms. Sala stated that BA 3252, EPS/Homemaker Programs, was depicted on page 17 of Exhibit I and was the budget account that included the Elder Protective Services program and the Title XX Homemaker program. There were no caseload increases in BA 3252 and no requests for additional staff.

Ms. Sala indicated that concluded her budget presentation.

Assemblywoman Smith asked that Ms. Sala provide information to future joint subcommittees regarding the impact on the DAS based on the possible loss of the 2-1-1 line and the proposed closure of the Office of Consumer Health Assistance. Assemblywoman Smith believed the DAS would ultimately receive additional calls and requests from seniors for assistance based on elimination of the line and closure of the office. Ms. Sala stated she would provide that information at a future joint subcommittee meeting.

Chair Arberry declared the Subcommittee in recess at 3:29 p.m. Cochair Horsford called the meeting back to order at 3:48 p.m. and asked the representative from the Office of Veterans' Services to present his budget to the Subcommittee.

**VETERANS' SERVICES**

**BUDGET PAGE VETERANS 1-13**

Tim Tetz, Executive Director, Nevada Office of Veterans' Services (NOVS), stated that he would provide a synopsis of the budget for the NOVS. Mr. Tetz thanked the veterans who had attended the meeting for their show of support for the NOVS. Mr. Tetz provided two exhibits to the Subcommittee, a DVD for members perusal entitled "It's Who We Are," Exhibit J, along with a copy of his PowerPoint presentation, Exhibit K.

Mr. Tetz stated that someone once asked him "What does serving America's heroes mean to you?" and that question would be his focus as he moved through the budget presentation. Ms. Tetz indicated that serving veterans was the byline of the NOVS and as he sat before the comrades and heroes present at the meeting, who represented so many of Nevada's veterans, he was happy to be the point man for the NOVS.

According to Mr. Tetz, there were 221 staff members in the NOVS and 90 percent of them would be willing to take his place today to tell the Subcommittee their unique story and the reason they liked working for the agency, about their personal triumphs day-in and day-out, and about the individual challenges most faced.

Mr. Tetz said he was challenged with the opportunity to plant "seeds" at today's meeting, and he wanted to make certain that those "seeds" were not lost amongst the challenges and political agendas that would be considered by the Legislature; he did not want the "seeds" to be planted so deep that the NOVS and the veterans it served were forgotten. However, Mr. Tetz stated he was appearing before the Subcommittee today with "special seeds" or perhaps "Jack in the Beanstalk seeds." Mr. Tetz truly believed that the NOVS was the "golden goose" for veterans.
According to Mr. Tetz, he was appointed by Governor Gibbons as the Executive Director of the NOVS, and there was no doubt that the Governor was his boss, but each and every day Mr. Tetz said he worked for the veterans and family members throughout Nevada. His service to each and every one of them was the highest honor anyone could achieve. Mr. Tetz said that in each veteran’s own way, whether a decorated war hero, a widow, or one of the most recent veterans of the global war on terror, all were American heroes and deserved everyone’s utmost respect.

Mr. Tetz referenced Exhibit K and explained that the exhibit provided a brief synopsis of the NOVS to date. Unlike last biennium, the NOVS came to the Legislature with a new vision to be the premier provider of veterans’ services. Mr. Tetz emphasized that veterans’ services began the day that the active duty military member pledged to serve his/her country through the day that person was interred and on into perpetuity as the NOVS cared for them in its cemeteries.

According to Mr. Tetz, the exhibit addressed the mission of the NOVS and its organizational chart, with an added box in its chart for the new Elko service office, which was a true success story.

Mr. Tetz stated that the NOVS was comprised of three distinct programs. The first was the Veterans Service Program, which consisted of guardianship services and served those veterans who had been deemed mentally incompetent to care for themselves in a financial manner. The program also included veterans’ service officers, who operated as trinity teams. Ms. Tetz explained that a trinity team consisted of two veterans’ service officers and an administrative assistant working together. Created by Mr. Tetz, the trinity teams had been very successful and had helped increase the productivity of the NOVS and improved the services provided to veterans.

The second program of the NOVS was the Veterans' Cemetery program, and Mr. Tetz explained there were two cemeteries in the state, the Northern Nevada Veterans' Memorial Cemetery in Fernley and the Southern Nevada Veterans' Memorial Cemetery in Boulder City.

Mr. Tetz stated that the third program was the Veterans' Home, one of the crown jewels of the NOVS. He indicated that the Veterans' Home in Boulder City had been tremendously successful, and the NOVS hoped to capitalize on those successes as it anticipated a northern Nevada Veterans' Home.

Mr. Tetz indicated there were three complete "trinity teams" located in Elko, Reno, and Las Vegas. There were two partial teams in Las Vegas and Boulder City. Mr. Tetz said that the wait for veterans to see a service officer was approximately six weeks in Las Vegas and three weeks in Reno. Adding that six weeks of wait-time to the 215 days it took to complete the average claim by the Department of Veterans Affairs (VA), a veteran who contacted the NOVS for services today would most likely not receive benefits for almost one year.

According to Mr. Tetz, there were 9,220 claims filed in calendar year 2007, which was an average of 1,220 claims per service officer. Of those claims, the NOVS created $29.3 million in new benefits. Mr. Tetz said that was on top of the benefits created by the NOVS in 2006 and 2005. He noted that represented new money coming into the state because of the team efforts.
during 2007. Mr. Tetz said he was most proud that because of reorganization and because the NOVS was willing to think "outside the box," it was able to increase productivity by 32 percent.

Mr. Tetz stated that the NOVS approached the 74th Legislative Session with the idea of a cooperative agreement with a rural county. That agreement was reached with Elko County. He explained that Elko County provided the office space and some office equipment, and the NOVS provided trained service officers. Mr. Tetz indicated that the team in Elko had done a wonderful job, which was made possible because of the cooperative agreement with the county. According to Mr. Tetz, there were many counties in the state that were willing to enter into cooperative agreements with the NOVS.

Mr. Tetz stated that Senator Reid had reviewed a program in Montana that conducted videoconferencing with veterans and service officers so that the veterans could receive needed services. He advised the Subcommittee that the videoconferencing company had approached the NOVS to install the second program in the nation in the Elko County office.

For the first time in many years, Mr. Tetz said the NOVS had a fully accredited and trained staff. It took a full year at the minimum to train NOVS staff, and there was no longer a shadow effect because all service officers were fully functioning.

Mr. Tetz reported that the two successes for NOVS in 2008 were the premier Women's Veterans' Summit and the first ever Global War on Terror Veterans' Summit.

Mr. Tetz said that along with veterans' service programs, there was the northern and southern Nevada Veterans' Memorial Cemeteries. Mr. Tetz said the cemetery in northern Nevada was located in Fernley, where the NOVS interred 352 veterans and/or their dependents in 2008. He noted that in the 18 years that the northern Nevada cemetery had been open, the NOVS had interred 5,600 veterans at that location. Mr. Tetz stated that the NOVS was caught off guard in 2008 because of the significant number of single burials. Because of a design flaw, said Mr. Tetz, the cemetery ran out of single burial plots in the span of one year.

Mr. Tetz said the cemetery went from three years of availability down to six months in the span of 18 months. The NOVS worked with the Public Works Board and self-funded the planning money so that a quick expansion of the cemetery could begin in the spring of 2009. Mr. Tetz indicated there would be a $700,000 expansion of the northern Nevada cemetery to meet the burial needs of northern Nevada’s veterans. Mr. Tetz said there were five full-time equivalent (FTE) positions at the Northern Nevada Veterans' Memorial Cemetery, and like its southern sister, that was 55 percent under the guidelines set by the VA for staffing.

Per Mr. Tetz, the Southern Nevada Veteran's Memorial Cemetery was similar in size to the cemetery in northern Nevada, but it was dissimilar in the usage. During 2008, Mr. Tetz said the NOVS interred 1,584 veterans and their dependents at the memorial cemetery in southern Nevada. He reported that the Southern Nevada Veterans' Memorial Cemetery was the final resting place for over 23,000 veterans and their dependents.
Mr. Tetz said the VA expected Nevada to run out of burial allocations for several of its burial types in 2011, and the NOVS would need to expand that year. He stated that included in the burial expansion would be an expansion of the NOVS’s administrative building. Mr. Tetz pointed out that the 12 FTE positions in southern Nevada did a wonderful job handling the workload as the second busiest state veterans’ cemetery. Mr. Tetz reiterated that the Southern Nevada Veterans' Memorial Cemetery was also 55 percent understaffed.

Mr. Tetz explained that the Southern Nevada Veterans’ Home in Boulder City was one of the short-term successes that many legislators had supported and worked with the NOVS to accomplish. Mr. Tetz explained that the facility consisted of a 180-bed nursing facility that averaged a 94 percent occupancy rate, which was well above the national average. He said the 74th Legislative Session funded the final portion of the capital improvement project that helped the NOVS build the dining facility. Mr. Tetz stated that the dining facility would be open in February 2009 and would allow veterans to dine in one common area.

Also, said Mr. Tetz, the Legislature helped fund and create a new Certified Nursing Assistant (CNA) program in 2007, and the NOVS was able to implement that program in 2008. He stated that NOVS staff had identified the need for an end-of-life program because quite often when a veteran's or spouse’s stay at the nursing home ended, they were required to move to a hospital for additional care. With the end-of-life program, the NOVS would be able to care for veterans and dependents within the nursing home and provide the veterans with an opportunity to spend their final weeks with their friends.

Mr. Tetz told the Subcommittee about the number of successes that NOVS had experienced through the various surveys conducted by the Centers for Medicare and Medicaid Services (CMS) and the VA in 2007 and 2008. According to Mr. Tetz, because of the successful surveys and scores, the Southern Nevada Veterans’ Home had been named as one of seven nursing homes in Nevada to receive a five-star rating from the CMS. Mr. Tetz stated that in comparison with the other 135 veterans' nursing homes throughout the country, the Nevada State Veterans' Home had received "best of class" in 14 of 15 categories.

Mr. Tetz said that the NOVS did not want to warehouse older veterans but to make them feel at home, and Nevada State Veterans’ Home epitomized that strategy. There was an effort to remove nursing stations and the NOVS was looking for ways to make the veterans' home more hospitable, friendly and homelike.

Mr. Tetz reported that he had been in the private sector prior to being appointed as the Administrator of the NOVS. The private sector was all about return on investment. He was asked to look at the NOVS and determine whether operations could be done better and more efficiently to produce better results. Mr. Tetz stated that with the help of the Legislature, the NOVS had put into place many programs that helped it achieve better operation. He explained that the NOVS had new computers and information technology infrastructure, including software to assist staff, both at the veterans' home and at the service offices.

Mr. Tetz emphasized that the NOVS had the right people in the right jobs and the trinity-team concept epitomized that fact. In 2006, Mr. Tetz reported that for every dollar spent in Nevada on direct care for veterans, the NOVS returned $425 in federal funding. He was happy to report that for every dollar Nevada spent on veterans in 2007, the NOVS returned $735 in federal VA benefits to
Nevada. Mr. Tetz said that was being accomplished with the same eight service officers, who were now better trained and more experienced. Mr. Tetz noted that serving veterans meant different things to staff.

As an example, Mr. Tetz told the story of the newest service officer in Reno who was approached in August 2008 by a veteran who had exhausted other opportunities, such as welfare and other social service entities for help. The veteran was unable to work and even though his wife had full-time employment, her pay was not sufficient to support the family. Mr. Tetz stated that the veteran was able to qualify for food stamps, but that program had limitations and the veteran could not use them to buy the food he desperately needed. The veteran came to the office in Reno and the officer submitted a claim to the VA for a pension for the veteran, thereby removing him from the welfare rolls and securing the assistance needed by the veteran. Mr. Tetz said the VA took time to review the claim, and the family's financial situation continued to deteriorate. The team at the Reno office, with help from Nevada's Congressional Delegation, worked through the bugs at the VA and the veteran's pension claim was accepted just in time for Christmas.

Mr. Tetz offered another story about "Gabe" at the Fernley Cemetery who approached him one day about the burial of a veteran who had died while an inmate within the Nevada Department of Corrections. The rules stated that when veterans served honorably in the military, they were entitled to be buried in the veterans' cemetery. Mr. Tetz indicated that the inmate's daughter and boyfriend drove from Texas to be at his internment. The boyfriend noted that "the old man sure did right here, you gave him one of the best views in the place." Mr. Tetz replied that the veteran was given the same view that he had earned, whether he was in or out of prison, because he was a veteran.

Regarding veteran demographics, Mr. Tetz referenced page 5 of Exhibit K and explained that the 2008 veteran population estimate was 339,235. Of those, almost 24,000 were women veterans and 14,000 were still on active duty. Mr. Tetz stated that 25,000 veterans received disability compensation and 2,500 received pension compensation. He noted that one in eight veterans who were eligible for pensions actually received one. Page 5 also contained a breakdown of the veteran population by county. Mr. Tetz pointed out that there were 192 veterans in Eureka County and those veterans had a long drive to receive assistance at the Elko office.

Mr. Tetz said that page 6 of Exhibit K contained information regarding the global war on terror to give the Subcommittee some idea about the makeup of the nation's newest heroes. Page 7 of the exhibit contained an update of the percentage of per capita compensation and pension. Mr. Tetz noted that in 2006, the state average was higher than 9.08 percent, which meant that only one in every ten veterans was receiving the benefits earned. He explained that percentage indicated that 90 percent of the veterans in Nevada were receiving no compensation. There were 300,000 possible recipients that NOVS could assist. Unfortunately, said Mr. Tetz, only six counties grew in per capita compensation and pension, and those were rural counties where the NOVS was able to keep pace with growth or where there was sufficient coverage by service officers.

Continuing his presentation, Mr. Tetz stated that page 7 of Exhibit K depicted the per capita compensation and pension dollars as of 2008. Mr. Tetz indicated that in 2006, the state was ranked 42nd in the nation, and in 2008, the state was ranked 48th in the nation. The state average was $947 per veteran and the national average was $1,453 per veteran. Mr. Tetz said if Nevada attained
the national average of 13.13 percent of veterans receiving benefits and the national average of $1,453 per capita per veteran in benefits that would amount to $493 million in annual compensation and pension benefits to be distributed, which was money that Nevada’s veterans deserved.

Mr. Tetz said the annual cost of one trinity team, which consisted of two veteran service officers and an administrative assistant, was $175,000. He noted that each trinity team brought in approximately $8 million in new federal benefits each year and that amounted to a significant return on investment for the state. In the current economic times of unemployment, record home foreclosures, and decreased revenue, Mr. Tetz believed that the state should invest in today, tomorrow, and the future. He said Elko County was the first to realize the benefits of the trinity team, as had Washoe County, and the NOVS would like to invest additional money in its trinity teams.

Mr. Tetz said the funding source for the Nevada State Veterans’ Home included resident co-pay and private insurance, which funded 34 percent, Medicaid collections funded 33 percent, VA per diem funded 25 percent, and a General Fund appropriation funded 8 percent. The NOVS did not collect directly from veterans, and Mr. Tetz stated the cemeteries and veterans service programs were funded by 72 percent General Fund appropriation, 27 percent cemetery interment fees, and 1 percent guardianship fees.

According to Mr. Tetz, the impact of the first and second round of FY 2008-09 budget cuts amounted to approximately 9 percent, and he was asked how that would affect the NOVS in the future. The 9 percent cut in FY 2008-09 delayed the opening of the office in Elko by nine months and reduced the NOVS’s operating budget by $278,000. Mr. Tetz stated that some funding was saved because of food cost savings and delaying the replacement of bath tubs at the veterans’ home. Mr. Tetz stated that a total of $330,300 was the maximum that could be cut from the budget without serious impact. He emphasized that the budget cuts would not have been possible without the financial success of the Nevada State Veterans’ Home.

Mr. Tetz referred to page 9 of Exhibit K which depicted the positive impact of the Nevada State Veterans’ Home. The home was opened in 2002 and was considered full at 94 percent in 2005. Mr. Tetz stated that Medicaid paid the actual cost of care, which was $252 per day at the current time, but the cost increased annually based on expenses. He said if a person was a qualified veteran, the VA paid $74 per day in per diem. Mr. Tetz stated that even though the cost to care for a veteran was $252 per day, the home received approximately $325 per day.

Mr. Tetz stated that page 10 of the exhibit depicted a summary of The Executive Budget, which indicated that the NOVS would take a 16 percent cut agency-wide in General Fund appropriations in FY 2010 and a 24 percent cut in FY 2011. Because of increased revenue, predominantly from federal sources, overall the NOVS would realize a 4 percent increase in its revenue stream in FY 2010 and a 5 percent increase in FY 2011. Mr. Tetz said the increases would be used to directly offset contract costs and the costs of maintenance projects.

Regarding capital improvement projects (CIPs), Mr. Tetz stated that an expansion of the Southern Nevada Veterans’ Memorial Cemetery was requested to meet the anticipated growth. Mr. Tetz said that 80 percent of the expansion would be for interment options for veterans. The second CIP was the cooling tower replacement at the Nevada State Veterans’ Home in Boulder City.
Mr. Tetz explained that the water had corroded through the current cooling tower and it had to be replaced. According to Mr. Tetz, one project that failed to meet the cut for CIPs on the Public Works Board project list was the Northern Nevada Veterans' Home. Mr. Tetz stated that the veterans' home in northern Nevada was the number one priority for veterans and the number one priority for the Commissioner for Veterans' Affairs.

Mr. Tetz commented that the Northern Nevada Veterans' Home would be the fulfillment of the nation's debt to its veterans through a skilled nursing and adult day care health facility that used the Green House®Project model. He explained that the Green House® model was an initiative that focused on quality of life for the elderly rather than project the focus on assistance and care.

Mr. Tetz stated that the NOVS was considering the campus of the Northern Nevada Adult Mental Health Services (NNAMHS) facility in Sparks as the location of the Northern Nevada Veterans' Home. However, the City of Reno had also approached the NOVS and indicated that the home could be located in Reno. According to Mr. Tetz, the master plan was designed to look like a neighborhood and would consist of several homes. The Northern Nevada Veterans' Home would be a 96-bed facility that also provided adult daytime health care.

Mr. Tetz indicated that in October 2008, the Northern Nevada Veterans' Home was selected as the first Green House® Project in Nevada, and it would be the first Green House® Project in the United States that was solely for veterans. The NOVS was not planning to wait for the CIP process and would explore several lease/own options and other ways to fund the Northern Nevada Veterans' Home.

Mr. Tetz stated that page 12 of Exhibit K contained the conceptual site plan for the Northern Nevada Veterans' Home and identified the significant veterans' legislative bills. Mr. Tetz stated that he and Nevada's veterans would be working with the Legislature in an effort to move the bills through the process.

In conclusion, Mr. Tetz said he hoped he had planted a few "super seeds" that would grow in the Legislature, because at the end of the vine, there were two golden geese that would lay golden eggs: 1) the trinity team concept at a cost of $175,000 per year, which would reap $8 million in benefits; and 2) the Northern Nevada Veterans' Home, which would run itself with little or no cost to the state.

Mr. Tetz wondered what would happen if the NOVS failed. When staff told him that something was not working, each and every member of the staff needed to understand what would happen if the NOVS failed a widow or war hero coming home. Mr. Tetz said if staff realized what happened, they would realize how noble the purpose of the NOVS was in serving America's heroes.

Assemblywoman McClain commented that she was the Chairwoman of the Nevada Veterans' Services Commission and dealt with veterans quite frequently. She believed that the Southern Nevada Veterans' Home was the gold standard nursing home in the country. Assemblywoman McClain said the facility and cemetery were beautiful and the NOVS did wonderful work. She stated she would work with the NOVS to find funding for the Northern Nevada Veteran's Home. The Commission had discussed the possibility of raising the veteran's co-pay to help fund the northern nursing home without affecting the General Fund. Assemblywoman McClain believed that the NOVS was doing a great job, and she opined that there should be a second trinity
team in Las Vegas simply because of the population growth. She stated that the NOVS brought money into Nevada's economy, such as monthly pension checks that allowed veterans to meet their monthly bills and buy groceries.

Assemblywoman Smith asked whether the PWB had recommended the CIP for the Northern Nevada Veterans' Home, and she wondered how far along the project was in the planning stages. Mr. Tetz explained that the northern home was just below the cut for CIP projects recommended by the PWB to the Governor. The PWB was not comfortable with the preliminary funding model that the NOVS had developed. Mr. Tetz stated that the NOVS was comfortable with the model and wanted to move forward on the project, but perhaps the NOVS was too aggressive. Mr. Tetz indicated that the NOVS had expended some of its funds to conduct the preliminary planning so it could determine the overall cost and confer with representatives of the Green House® Project.

Mr. Tetz advised that the NOVS was ready to go forward with the planning stages and construction so the Northern Nevada Veterans' Home could open in 2011 because it was so sorely needed. Mr. Tetz stated that Nevada's congressional delegation indicated that if the NOVS could secure state funding, they would assist with the project. He explained that after raising the rates in 2004 by 100 percent at the Southern Nevada Veterans' Home, the NOVS promised family members it would never do that again. Mr. Tetz said the NOVS promised that further increases would be on an incremental basis. He stated that the Commission and the various veterans' organizations agreed that the NOVS should plan further increases in small increments. Mr. Tetz indicated that the NRS indicated that he was obligated to confer with the Commission regarding the rates. He pointed out that the Commission had voted unanimously to raise the rates with a portion of the funding being used for the Northern Nevada Veterans' Home. Per Mr. Tetz, none of the anticipated increase was included in the budget for the 2009-2011 biennium.

Assemblywoman Smith asked whether the project was far enough along in the planning stage that it could be submitted in the economic stimulus request. Mr. Tetz said he was not familiar with the stimulus request, but the veterans' organizations and directors of the veterans' home had met with Nevada's congressional delegation and he would continue to pursue that avenue.

Assemblyman Hogan said he was always impressed with the presentations from the NOVS because the presentations were full of good ideas and very energetic, and there were at least a few successes to report. Also, the presentations were always accompanied by the wonderful "honor guard" of veterans who showed up at meetings to remind everyone what the country owed to its veterans. Assemblyman Hogan said he was particularly intrigued by the opportunity to increase the number of Nevada's veterans who received benefits. He said it was a shame, particularly in today's economy when so many people were hard-pressed, that some veterans were not receiving benefits.

Assemblyman Hogan wondered whether there was some way to shorten the wait-time for veterans to be interviewed, possibly with the help of veterans' organizations providing voluntary assistance. He believed that would be a significant benefit to veterans and their families, and he encouraged the NOVS to explore those options, along with the possibility that the trinity teams could yield even more successful applications. Assemblyman Hogan commented that most legislators would support ideas from the NOVS to increase benefits to veterans.
Chair Arberry thanked Mr. Tetz for his testimony, and there being no further questions from the Subcommittee regarding budget matters, the Chair opened the meeting to public testimony.

Joseph Tyler, President, National Alliance for the Mentally Ill (NAMI) of Nevada, submitted a written statement, which he read into the record (Exhibit L).

In summary, Mr. Tyler voiced opposition to both past and future budget cuts to Nevada's mental health system. He indicated he had been a patient when cuts were made to the system in 1992. Mr. Tyler opined that mental illnesses were the most debilitating of any disability a person could have. He commented that the national spending average for mental health services was almost twice the amount that was spent per person in Nevada. Mr. Tyler emphasized that many people were struggling to put their lives back together and everyone in the system was frustrated by the cuts. He also voiced opposition to the closure of rural mental health clinics. Mr. Tyler stated that Nevada had to do better.

Testifying next before the Subcommittee was Mark Burchell, Vice President, NAMI of Nevada, who voiced opposition to cuts in the mental health budgets. Mr. Burchell indicated that in the past he had been homeless, had lost everything, and had been thrown in jail three times in three weeks for sleeping in cars and bus depots. That occurred prior to creation of the Crisis Intervention Team (CIT) program in Clark County. Mr. Burchell offered examples of his experiences in jail while in a psychotic state.

Mr. Burchell indicated that he finally decided to volunteer with NAMI and became an advocate for mental health and NAMI. When the CIT program was initiated, Mr. Burchell said he participated in the training program, which had been very successful. He commented that mentally ill people needed help, and the CIT teams help place people in hospitals rather than jails.

Mr. Burchell said that with the current crisis in the mental health system, the situation would only get worse, and he urged the Legislature not to cut the budget. He also worried about the continuation of the CIT program.

Testifying next was Donna Shibovich, State Consumer Representative for NAMI of Nevada, who stated that she represented a special group of people called the mentally ill. Ms. Shibovich asked that legislators recognize the needs of the mentally ill and promise not to cut mental health services any further. She indicated that NAMI was very concerned about the mental health cuts in services, staff, and medication, and the closure of rural mental health clinics.

Ms. Shibovich said the mentally ill deserved better than that. She said she spoke to mentally ill people on a regular basis and everyone was terrified of losing their services and support. Life without a case manager for some people could spell disaster. Ms. Shibovich stated that positions were being cut and the cuts put extra pressure on an already failing operation by overworking and underpaying current staff.

Ms. Shibovich stated that all the mentally ill wanted was a humane, safe continuity of care and sufficient facilities to provide decent care for the mentally ill population. She asked legislators to remember that the mentally ill were not put on the earth to "hurt, desert, or kill" and the person they cut services for might one day be either themselves or a family member. Ms. Shibovich indicated that one in four persons was either mentally ill or knew a person who was mentally ill. With those statistics, Ms. Shibovich asked whether the
Legislature could afford to cut that vast number of people out of the budget "pie."

Testifying next was Bunchie Tyler, President, NAMI of Nevada, who indicated that because of the current budget cuts and the situation in rural Nevada, she was receiving numerous calls from persons who were unable to find help. Ms. Tyler voiced opposition to the closure of rural clinics and pointed out that a traveling caseworker might not be available when a person needed help. She also opposed the idea of providing transport from rural areas to the state hospitals, which did not have sufficient resources.

Ms. Tyler pointed out that there were problems in the rural areas now and further cuts could cause harm to people. She commented that there were not enough employees in the area of mental health services, and there were insufficient beds available at mental hospitals. Ms. Tyler voiced opposition to further cuts in hospital staff. She stated that she also feared a new medication matrix, and gave an example of what might occur in prescribing medications to mentally ill patients. Ms. Tyler believed that the mentally ill were receiving the "cheap" medications to determine whether they worked prior to administering the medication that would actually help.

Ms. Tyler stated that she was appearing at the Subcommittee in support of the mentally ill, and she asked legislators to please at least retain the current level of services and not cut staff further.

Dale Carpenter testified next, stating that she was the mother of a consumer of mental health services. She explained that her son had been diagnosed with schizophrenia at the age of 16 and was currently 46 years of age. The family had been living with that diagnosis for 30 years, and Ms. Carpenter stated that his suffering had turned the family's world upside down. She commented that the current situation at the mental hospital was not working. Her son was one of the patients who was taken to the hospital by the police, was met by a CIT officer, and then was turned away by his caseworker. Ms. Carpenter asked the caseworker why he had turned her son away, and the caseworker indicated that her son had promised to take his medication. She told the caseworker that her son always promised to take his medication.

Ms. Carpenter remarked that her son had relapsed in the past and entered the hospital, where he had received good care and was allowed to stay long enough to stabilize. She indicated that he was stabilized for nine years before he again relapsed. Now, said Ms. Carpenter, when her son relapsed, the hospital only kept him for up to 12 days and then released him, whether or not his condition had stabilized. Three weeks later, he would again be hospitalized, and Ms. Carpenter said she had spoken to a staff technician who was surprised that her son had lasted five weeks on the streets before being returned to the hospital.

Ms. Carpenter asked legislators to imagine one of their children or grandchildren with schizophrenia and how crushed they would be to see what happened to that child. She commented that her son's diagnosis had been horrible and had consumed her entire family. Ms. Carpenter indicated that each time her son relapsed she was afraid he would commit suicide because he had not received the proper medication.
Sara Jerpseth testified next and indicated that she was a mental health consumer, advocate, and constituent from Reno. Ms. Jerpseth said she was present to share her story and to urge the Legislature to oppose cuts in mental health services.

Ms. Jerpseth commented that she had received a bachelor’s degree in psychology when she very unexpectedly found herself with chronic and severe mental health issues. Those issues included major depression and anxiety, which affected many aspects of her life. Ms. Jerpseth stated that she had received services from the Northern Nevada Adult Mental Health Services (NNAMHS) for the past two years, and that had been very helpful in her stability and recovery. She indicated that many persons were benefitting from the programs at NNAMHS, both those with severe mental health issues and those who did not expect their lives to take a turn for the worst.

Ms. Jerpseth said that countless people were currently seeking mental health services in Nevada and around the country. She indicated that as a result of the economic downturn people were losing jobs, homes and investments, and dealing with the loss of livelihood, increased debt and the inability to stay afloat with basic survival needs. Ms. Jerpseth said everyone had heard that the situation would get worse before it got better, and she believed it would be very unwise to cut the mental health programs at a time when they were most needed.

Ms. Jerpseth said that further cuts would have a drastic affect on many levels, including staff, consumers, family, the urban and rural communities, medical facilities, and law enforcement. She opined that further cuts could lead to increased hospitalizations, an increase in crimes, an increase in homelessness and poverty, self-medication through drugs and alcohol, and even suicide.

Ms. Jerpseth commented that she was a transplant from Minnesota who was very happy living in Nevada and wanted to continue being proud of the state. However, she was afraid that further cuts in mental health services would cause Nevada’s national ranking to fall even lower and cause the state to be seen in a negative way and possibly appear dangerous to both locals and outsiders. Ms. Jerpseth urged legislators to support mental health programs and oppose mental health cuts.

Assemblywoman Smith thanked those persons who testified for waiting so patiently to be heard and for coming to the meeting. She commented that the persons from NAMI always reminded legislators that mental illness, like many things, afflicted people in every walk of life.

Chair Arberry recognized Mr. Hadfield.

Robert Hadfield informed the Subcommittee that he would like to comment about the Indigent Supplemental Account (ISA) on behalf of the Nevada Association of Counties (NACO). He commented that the Spending and Government Efficiency (SAGE) Commission had made several recommendations, but NACO had not been invited to enter into dialogue with the SAGE Commission before it made its final recommendations. Mr. Hadfield stated that NACO was not even aware that the Commission was considering the funding in the ISA. Mr. Hadfield indicated that NACO had discussed the matter with Michael Willden, Director, Department of Health and Human Services (DHHS), but those discussions occurred after the SAGE Commission made its recommendations.
Mr. Hadfield stated that he was the Douglas County Manager 27 years ago and had been part of the group who solved the problem of auto accidents in Nevada’s counties involving people who were injured while traveling through the state. Those persons often ended up in trauma centers or local hospitals, and Mr. Hadfield said that federal law stated that the county in which the accident occurred was responsible for the cost of medical care for injured persons. He provided the example of a bus accident that occurred in Churchill County in which a number of people were injured. The hospital bills for that accident exceed the full indigent budget for rural counties.

Mr. Hadfield explained that when he was the manager of Douglas County, he negotiated a pay rate with Washoe Medical Center for the care of Douglas County’s indigent persons, but that situation soon reached the point where Washoe Medical Center could no longer provide care. Mr. Hadfield indicated that hospitals began to sue the counties for payment, including Washoe and Clark Counties, when they had inured large trauma-case bills.

According to Mr. Hadfield, the counties approached the Legislature at that time and asked legislators to levy a statewide property tax to create the Indigent Supplemental Account (ISA). At that time, the Legislature agreed that the tax should not be levied by individual counties, but should be a statewide tax. He said at that time the tax was created at the request of the counties. Mr. Hadfield explained that the ISA was administered by a board of trustees comprised of county commissions appointed by the Governor. He personally had administered the ISA for 20 years as the Executive Director of NACO.

Mr. Hadfield said that creation of the ISA put a stop to the litigation because payment to hospitals from the ISA was the payment of last resort and ended all litigation and other attempts at payment. Mr. Hadfield stated it was very important to understand that hospitals could no longer turn a claim over to a collection agency or hound a person for payment once a payment had been made from the ISA. Furthermore, said Mr. Hadfield, the ISA allowed hospitals to receive at least partial payment for indigent services. He stated that the regulations had been established by both the counties and the hospitals in an attempt to create a fair method of disbursing payments.

Mr. Hadfield emphasized that in rural Nevada, the ISA paid for ambulance service, thereby supporting rural emergency medical technician (EMT) services. His point was that elimination of the ISA would impact other entities. Mr. Hadfield suggested that perhaps the hospitals could charge paying patients more rather than let the counties go bankrupt attempting to pay the hospital bills for indigent persons. He also noted that counties would be caught up in endless litigation, and people could also be hounded by bill collectors for hospital bills. Mr. Hadfield opined that the ISA was one of the rare cases where the counties and the state worked together to create a system to pay hospitals, which helped keep rural hospitals open and operational.

Mr. Hadfield stated that cuts in the ISA combined with other budget cuts would cripple both rural and urban hospitals; he opined that hospitals in Clark County would be "hammered" because they would cease to receive funding from the ISA. Mr. Hadfield believed that depleting the ISA would ruin rural hospitals and rural county budgets and would also have a major disruptive impact on hospitals in Reno and Las Vegas.

Mr. Hadfield urged legislators to understand that the ISA was created through the collaborative effort of the counties and the state. He pointed out that the counties actually requested the tax, which was levied by the state, and the ISA
had been well-administered. Mr. Hadfield asked that legislators not "throw the ISA out the window" as a means to locate federal matching funds for the DHHS.

Testifying next from Las Vegas was Sue Gains, who represented NAMI of southern Nevada and was also the mother of an adult child with bipolar disorder. Ms. Gains stated that NAMI was very concerned with the proposed staffing reductions at the SNAMHS and NNAMHS hospitals and felt that the safety of patients and staff would be compromised. Ms. Gains indicated that recently there had been two incidents at Rawson-Neal Psychiatric Hospital, and NAMI believed it would be unconscionable to allow further incidents to occur because sufficient staff was not available to provide safety along with services and care.

Ms. Gains asked whether legislators would like to see one of their family members hospitalized at the Rawson-Neal Psychiatric Hospital. As a support group facilitator, Ms. Gains stated she had heard people say that at least when their child or spouse was in the hospital, they knew that the person was safe and they could sleep. Ms. Gains asked that the Legislature not make that an untrue statement by cutting staffing at the hospitals.

Bob Kaai testified next, and stated that he lived in Las Vegas and was the Vice President of NAMI of Southern Nevada. He indicated he was also the father of a 22-year-old son who lived with a serious mental illness—paranoid schizophrenia. Mr. Kaai said he was present to ask for the Legislature's support in opposing the proposed cuts to the mental health budget. He believed that the planned closing of several rural clinics and the loss of the services they provided would have a negative effect on consumers in Nevada's communities. Mr. Kaai indicated that the staff reductions in mental health facilities would, and were currently, having negative results.

Mr. Kaai reported that in November 2007, the Rawson-Neal Psychiatric Hospital experienced two incidents of sexual assault on patients. Nevada's mental health services were greatly needed today more than ever. Mr. Kaai indicated that one in every four adults experienced a mental health disorder in any given year, and one in seventeen lived with a serious mental illness such as schizophrenia, major depression, or bipolar disorder. Mr. Kaai said that approximately one in ten children suffered from a serious mental or emotional disorder. He pointed out that veterans were returning home in large numbers with post traumatic stress disorder and would be consumers of mental health services. In July of 2007, said Mr. Kaai, a nationwide report indicated that male veterans were twice as likely to die by suicide as compared with their civilian peers in the national population.

Mr. Kaai stated that many people who lived with serious mental illness required case management, therapy, and medication. Some would also need crisis services and more intensive support, but those were the services that were at risk. Mr. Kaai asked the Legislature to reject the proposed budget cuts in mental health services and act instead to preserve the needed mental health services for Nevada's families and communities.

Mr. Kaai indicated that now was not the time to cut mental health services and doing so would have a long-lasting effect on the mental health system, consumers, families, and friends within Nevada's communities. Mr. Kaai told the Subcommittee that Michael J. Fitzpatrick, the Executive Director of NAMI National, made the following statement in 2007, "Simply put, treatment works if you can get it, but in America today it is clear that many people living with
the most serious and persistent mental illnesses are not provided with the essential treatment they need." Mr. Kaai thanked the Subcommittee for listening to his testimony.

Testifying next before the Subcommittee was Nancy McLane, Director, Clark County Department of Social Services, and Chair of the County Social Service Administrators organization, which was affiliated with NACO. She thanked Michael Willden, Director, Department of Health and Human Services (DHHS) for reaching out to social service administrators and opening the lines of communication regarding the difficult mental health issues. Ms. McLane stated that Mr. Willden had truly been a good partner during the current very difficult times.

Ms. McLane stated that as required by NRS, the counties provided indigent services for residents who were not eligible for other programs; the counties served the clients that nobody else could serve. She explained that nearly 90 percent of the Department of Social Service’s clients earned less than $250 per month, which was far below the state statutory threshold of $428 per month. Ms. McLane said that meant that 90 percent of the Department’s clients had to be served, no matter what the eligibility criteria.

Because of the economic downturn, Ms. McLane reported that the demand for county services was up more than 30 percent compared to last year, and the Department was seeing an increasing demand for services relating to the state budget cuts that had recently been enacted and which were foreseen in the budget for the 2009-2011 biennium. Ms. McLane stated that state budget cuts related to Medicaid, Temporary Assistance for Needy Families (TANF) and senior programs directly affected the client demand in Clark County because those clients would turn to the county for assistance.

According to Ms. McLane, the Clark County Department of Social Service expected to exceed its budget for both medical and financial assistance in the current year and could run out of medical funds as early as April 2009. She believed that would directly impact the hospitals in Clark County that received either prorated payment or no payment for serving indigent residents in Clark County.

Ms. McLane indicated that every county in Nevada was suffering proportionately because of the same issue, and Clark County had the largest numbers because it had the largest population. Ms. McLane reported that the withdrawal of the funds in the Indigent Supplemental Account (ISA) would equate to an additional $8 million in direct medical costs to Clark County if it were liable for those payments. She stated that represented 10 percent of the county’s total medical services budget for the year.

Ms. McLane commented that staffing issues, such as the delay in filling vacancies within the state Division of Welfare and Supportive Services, resulted in more families requesting services from Clark County. She stated that the county did not normally serve families, but rather served indigent, single employable, persons with no children. According to Ms. McLane, there was a wait of up to 12 weeks in southern Nevada for an initial client interview for eligibility for TANF services and Medicaid. She noted that the county provided interim assistance because Clark County had a huge homeless population and continued to try to prevent homelessness.
Ms. McLane commented that in the three-month period of September, October and November of 2008, Clark County issued approximately $500,000 in rental assistance to families with children under the age of 18. Those families would normally not be eligible for assistance from Clark County, and Ms. McLane said if that trend continued the annual cost could be in excess of $2 million or 20 percent of Clark County's budget for financial assistance.

Ms. McLane said that Nevada's counties were part of a continuum of services that included federal, state, and county programs, along with non-profit and faith-based partners that the county relied upon heavily. Cuts at any level within the continuum affected programs throughout the entire spectrum of services.

Ms. McLane indicated that Clark County Department of Social Service and the county social service administrators were very sensitive to the difficult choices the Legislature would have to make during the 75th Legislative Session, but she urged legislators to provide funding for both staff and the critical programs that were delivered by the state Department of Health and Human Services.

Testifying next before the Subcommittee was JoAnn Jackson, Executive Director for Consolidated Agencies of Human Services (CAHS), who stated she was attending the meeting from Hawthorne. Ms. Jackson reported that she also assisted with social services for Mineral County. She explained that CAHS assisted with the Women, Infants, and Children (WIC) supplemental food program, the FRCs, the Family-to-Family program, and many other programs.

Ms. Jackson explained that CAHS was able to assist with so many programs because it was a team effort. She emphasized that closure of the DHHS offices in Hawthorne would break up the team and create a domino effect. Ms. Jackson stated there were only five staff members at CAHS who also traveled to Tonopah to assist with programs there. Staff also traveled to the Reese River area and Schurz, and Ms. Jackson said her office was very busy. While CAHS did not mind being part of the team that assisted persons in the various programs, Ms. Jackson said that closure of DHHS rural offices would directly affect CAHS. She described the job opportunities available in Hawthorne, which mainly consisted of casinos and restaurants. Ms. Jackson said the area was already feeling the effect of families who were struggling to make ends meet, and closure of the DHHS offices would eliminate the persons who offered assistance.

Ms. Jackson said that CAHS could only do so much to assist with case management and contracted with the Division of Child and Family Services (DCFS). Her staff conducted case management, home and office visits, and provided assistance where needed.

Ms. Jackson stated that CAHS worked with DCFS to help preserve the family unit and help the community. She stated she had resided in Hawthorne since 1969 and had lived through the various economic changes. Ms. Jackson said the community refused to give up and would fight for what was needed in the community, such as mental health programs, DCFS, and welfare. Ms. Jackson reiterated that the service of CAHS was limited, and there had always been other service options available from the state.

Ms. Jackson said she had heard the previous testimony and knew that there had to be budget cuts, but she stated it was a case of survival for Mineral County. She commented that families needed assistance to survive, and she
asked legislators to consider whether there was a way to combine state offices in Hawthorne so that a state representative would be available to help. Ms. Jackson indicated that families were still moving to Hawthorne, and she felt that the state should collaborate with county entities to provide assistance. She thanked the Subcommittee for listening to her testimony.

Chair Arberry asked whether there was further testimony to come before the Subcommittee, and there being none, the Chair adjourned the hearing at 5:03 p.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Secretary

APPROVED BY:

______________________________________________
Assemblyman Morse Arberry Jr., Chair
DATE:_________________________________________

___________________________________________
Senator Bernice Mathews, Cochair
DATE:_________________________________________
**EXHIBITS**

**Committee Name:** Assembly Committee on Ways and Means/Senate Committee on Finance  
**Date:** January 23, 2009  
**Time of Meeting:** 8:46 a.m.

<table>
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<td>Michael J. Willden, Director, DHHS</td>
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<td>Michael J. Willden, Director, DHHS</td>
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<td>Harold Cook, Ph.D., Administrator, MHDS</td>
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<td>Thomas Morton, Director, Clark County Dept. Of Family Services</td>
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<td>Carol Sala, Administrator, Division for Aging Services</td>
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<td>DVD – &quot;It's Who We Are&quot;</td>
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<td>Tim Tetz, Executive Director, Office of Veterans' Services</td>
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<td>Joseph Tyler, NAMI</td>
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