



NEVADA LEGISLATURE JOINT INTERIM STANDING COMMITTEE ON COMMERCE AND LABOR

**(Section 6 of [Assembly Bill 443](#), Chapter 392, *Statutes of Nevada 2021*,
at page 2505)**

MINUTES

April 5, 2022

The third meeting of the Joint Interim Standing Committee on Commerce and Labor for the 2021–2022 Interim was held on Tuesday, April 5, 2022, at 9 a.m. in Room 4412, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the Joint Interim Standing Committee's [meeting page](#). The audio or video recording may also be found at <https://www.leg.state.nv.us/Video/>. Copies of the audio or video record can be obtained through the Publications Office of the Legislative Counsel Bureau (LCB) (publications@lcb.state.nv.us or 775/684-6835).

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblywoman Sandra Jauregui, Chair
Senator Patricia (Pat) Spearman, Vice Chair
Senator Roberta Lange
Assemblywoman Beatrice (Bea) Duran
Assemblywoman Heidi Kasama
Assemblywoman Elaine Marzola

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator James A. Settelmeyer
Assemblyman Philip (P.K.) O'Neill (Alternate for Assemblywoman Hardy)

COMMITTEE MEMBER ABSENT:

Assemblywoman Melissa Hardy

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Marjorie Paslov Thomas, Senior Principal Policy Analyst, Research Division

Cesar Melgarejo, Senior Policy Analyst, Research Division

Crystal Rowe, Research Policy Assistant, Research Division

Bryan Fernley, Legislative Counsel, Legal Division

Jaimarie Mangoba, Principal Program Analyst, Fiscal Analysis Division

*Items taken out of sequence during the meeting have been placed in agenda order.
[Indicate a summary of comments.]*

AGENDA ITEM I—OPENING REMARKS

Chair Jauregui:

Good morning. Welcome to the third meeting of the Joint Interim Standing Committee on Commerce and Labor. I am so excited to see everyone here in person, it is our first in-person meeting for this Committee.

[Chair Jauregui reviewed meeting protocol and information related to providing public comment.]

AGENDA ITEM II—PUBLIC COMMENT

Chair Jauregui:

We will move to our first agenda item, which is Agenda Item II, public comment. Public comment will be limited to three minutes per speaker. It is my intention as chair, to take 30 minutes of public comment at the beginning and the remainder of public comment at the end of the meeting. We will start with public comment from those in physical locations and then move to public comment on the phone.

Is there anyone here in Las Vegas who wishes to provide public comment at this time? Seeing none, we will move to Carson City. Is there anyone in Carson City who wishes to provide public comment at this time?

Broadcast and Production Services (BPS), could we check the telephone lines for anyone who wishes to give public comment via the telephone line?

BPS:

Chair, there are no callers for public comment at this time.

Chair Jauregui:

Thank you.

AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETINGS ON JANUARY 11 AND FEBRUARY 1, 2022

Chair Jauregui:

Members, we can move on to Agenda Item III, which is approval of the minutes for the meetings on January 11 and February 1, 2022. If no one has questions or changes for either of the meeting minutes, we will take one motion and approve both sets of minutes together.

SENATOR LANGE MOVED TO APPROVE THE MINUTES OF THE JANUARY 11 AND FEBRUARY 1, 2022, MEETINGS.

THE MOTION WAS SECONDED BY VICE CHAIR SPEARMAN.

THE MOTION PASSED UNANIMOUSLY.

AGENDA ITEM IV—OVERVIEW OF THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

Chair Jauregui:

Members, moving along to [Agenda Item IV](#), an overview of the Department of Employment, Training and Rehabilitation (DETR). Today we will hear from DETR, and their presentation is broken up into three different sections. We have with us Director Elisa Cafferata and her staff. The Department has been in the spotlight during the Coronavirus Disease of 2019 (COVID-19) pandemic; however, the Department provides more than unemployment benefits; it is also the lead workforce development agency in the state. They offer workforce development and related job placement and training services for people with disabilities, investigates claims of discrimination, and so much more.

Director Cafferata, thank you for joining us. When you are ready, the floor is yours.

Elisa P. Cafferata, Director, DETR:

Good morning. Thank you so much for that introduction; it pretty much covers everything. I am joined in the room by my deputy directors: Chris Sewell, who is the deputy director over the operations part of the house, and Latonia Coleman, who is our deputy director for the program part of the DETR house. We also have several of our staff members on Zoom if we get into any areas where I need help.

We are going to give you an overview of: how we rose to the challenge of the pandemic; how we dealt with the pandemic; how we have been moving to pivot towards workforce services; what we are doing to improve our services now; and the larger projects we are working on to fix things that did not work so well ([Agenda Item IV](#)). The Department is an agency that is countercyclical; in many ways our work is completely dependent on the economic conditions. When we are facing an economic disruption, of course, we focus on the unemployment services, and when the economy is rebounding, we focus on workforce development and the other side of the house.

We wanted to start this morning with a high-level update on the economic conditions so you can see where we are. We are joined by David Schmidt, who is our economist and the chief of our research and analysis division, to give you that high-level overview.

David Schmidt, Chief Economist, Research and Analysis Bureau, DETR:

While I could talk about the state of the economy at length, in the interest of time, I want to hit a couple of high-level points. First, as you can see from the chart, Nevada's employment level has nearly recovered to where we were prior to the pandemic. Currently, we stand at a little over 1.4 million jobs; we are currently down 15,500 jobs from where we were prior to the start of the pandemic. This means we are getting to the point where a couple of good months could put us over the top. Recently, we added about 6,000 jobs over the month of February; at that pace it would take a couple of more months. In January it was about 3,000 jobs, so that would take more like five months. We are within striking distance of where we were, employment wise, prior to the start of the pandemic.

In February, our unemployment rate was 5.1 percent. With both of these measures—the number of jobs we have added over the last year as well as the improvement we have seen in our unemployment rate over the past year—in February we were number one in the

nation, and it was not even close for number two. We were more than a full percentage point ahead of the number two state in terms of employment growth. We have seen similar improvement in our unemployment rate. Number one in the nation for employment growth. Number one in the nation for unemployment rate improvement. Number one in the nation for the index of state economic momentum. This is a quarterly data point released last week that shows our employment population and personal income growth all wrapped together was the best in the country. Context for this is Nevada was hit hard by the pandemic, and we had more room to make up. The good news is we are in fact making up that gap; we are seeing strong gains in employment and strong improvement in our unemployment rate. It sets a lot of the context for the other things that are happening within DETR. I would be happy to hand it back over to the director.

Ms. Cafferata:

Basically, as the Chair pointed out, all the work that DETR does is focused on the workforce and creating a vibrant workforce for the state. Our programs cover a wide range of services. We are focused on creating a vibrant and equitable workforce and economy for all Nevadans.

You can see by our organization chart, we have three main divisions. The [Employment Security Division](#), which has both unemployment and workforce development; the [Governor's Office of Workforce Innovation](#) (GOWINN); and the [Commission on Postsecondary Education](#). The [Rehabilitation Division](#) has four branches: (1) the [Bureau of Vocational Rehabilitation](#); (2) [Bureau of Services to Persons Who Are Blind or Visually Impaired](#); (3) the [Bureau of Disability Adjudication](#); and (4) the [Blind Business Enterprises of Nevada](#). Those are largely focused on workforce and employment opportunities for people with disabilities. The [Nevada Equal Rights Commission](#) focuses on ensuring there are no discriminatory practices in employment, housing, and public accommodations, and it provides outreach and training for businesses and communities to make sure those laws are being followed in the state. We are supported by our administrative team that includes finance, information technology (IT), research and analysis, and human resources (HR).

I wanted to talk a little bit about our agency and our programs and what we went through during the last two years. When people talk to me about taking on this position, I must always give credit to the DETR team. The folks who work at DETR worked tirelessly. I do not think any of them had a weekend for the first year of the pandemic, and they are still working long hours and overtime to get through the backlog that was created during the pandemic. We are starting to see a lot of change, which I consider very positive at DETR. We have about 900 employees. We are seeing our staff being hired by other agencies, which is very encouraging. It is nice to see these super dedicated folks get promotions and go to work in other agencies and see their talents recognized. Some of them are finally taking long overdue retirements, and we appreciate that they stuck with us through the pandemic. I am most excited about the promotions, almost a quarter of our workforce. These are folks who are dedicated to the agency, moving up; they are committing their talents, and moving into new leadership positions for the agency. There is a lot of movement, a lot of new energy, and we are very excited about that.

We are also quite excited to have some breathing room to work on diversity and equity initiatives. We have applied for an equity grant that is specifically working on addressing equitable access to our services, particularly in unemployment. We are partnering with the [Office for New Americans](#), Office of the Governor, on the implementation of both [Senate Bill 222](#) (2021) and [SB 318](#) (2021), which are the diversity and language access bills from the last legislative session. I am sure you will be hearing more from us on that.

The highlights are it did not work all flawlessly, but at the end of the day, almost 500,000 claimants received over \$8 billion in benefits in 2020, with over 10 million benefit weeks paid. If you go to 2021, you started seeing people go back to work as things opened up; 267,000 claimants received over \$5 billion in benefits, and 6 million, almost 7 million, benefit weeks paid. That was, sort of, the part that went right. Those folks were able to stay in their homes, have health care, and take care of their families.

We paid out over \$14 billion in unemployment benefits during the pandemic to 668,939 claimants. Many of you heard that we got over 2 million applications for unemployment assistance, and there are only about 1.5 million workers in the workforce. It shows we stopped over 1.2 million fraudulent or impostor applications from getting benefits. Not to say that there were not some improperly paid claims, there certainly were, especially at the beginning of the pandemic when we did not have all the tools we needed. We want you to see at the high level the amazing work the team did getting the benefits to the people who needed them and stopping the benefits that should not go out. You can see from the colors of the different programs that at the beginning of the pandemic most of the benefits were being paid from the Unemployment Insurance Trust Fund, which are dollars that our employers have put in. Then over time, it moved to programs that were supported by the federal government almost entirely.

When you hear about the amount of money we paid out in benefits, the next question is: how is the Trust Fund doing? The Trust Fund is in a healthy position right now. This is an internal metric we use, which tracks in real time and helps us keep an eye on when we need to borrow money. This chart shows you the average weekly benefit amount that we are paying out and how many weeks it will take to exhaust the Trust Fund. You can see at the beginning, prior to the pandemic hitting, we had about \$2 billion in the Trust Fund. If it were a regular week, it would have taken us years to exhaust the Trust Fund, but of course, it was not remotely like a regular week's payment. To put that number into perspective, on that \$2 billion we had in the Trust Fund, if we had been paying out at the Great Recession rate, we would have had about 1.5 years of money in the Trust Fund to pay out benefits. As we all know, it was not that kind of a recession.

Money still comes in even though the Trust Fund itself was depleted. We had money at the beginning to pay benefits but ended up borrowing in December 2020. It is a mechanism that has been in place since the 1930s to make sure people can continue to get their unemployment benefits without interruption. We borrowed through most of 2021. Thanks to the Legislature and the governor for approving funds for repayment of the Trust Fund, in September 2021, we were able to repay the \$333 million we borrowed and were able to repay that before the federal government started charging interest on that money. We are deeply grateful that we were able to make that payment and put Nevada back on solid footing.

As you can see, the weeks of expected benefit payments have been adding up since then. We have about a year's worth of benefits in the Trust Fund currently. We did decide not to increase the average tax rate charged to employers; this is the second year we have done that. We are not rebuilding with great haste, but we understand that businesses are still rebuilding. It is just going to take us a little bit longer than if we were a little more aggressive on those rates. We think overall it is about five years to get back to the Trust Fund being in the position that it was before the pandemic, which we think is the appropriate level. We are ready for the next turbulence in the economy. We are rebuilding and we do have the tools should something happen that is completely unexpected to be able to help people.

There are several efforts underway. You heard from people where the system did not work flawlessly. We had a lot of folks who could not get through, a lot of new programs, and a lot of new computer programs that had to be set up. We want to be sure in the future that we are prepared for the requirements of those kinds of disruptions that require a scale up that is overnight and immediate, which would have been unthinkable before COVID-19.

We are also looking for a new system that will be able to add new programs. There were six new unemployment benefit programs created by Congress in the first year of the pandemic. I do not think that anybody's system was set up to create, implement, stand up, and staff six new programs. I expect that could happen again in the future, and I think Congress will always try to respond to the unique needs of the economic situation. We have also included in our modernization request for proposal (RFP) the idea that you need to be able to stand up new programs and scale them up in a very rapid order. Again, thanks to the Legislature and the governor, we have \$54 million set aside for modernization. This is money from the [American Rescue Plan Act of 2021](#) (ARP), so it needs to be spent on a fairly aggressive timeline because that money has a limited duration in which it can be spent.

As you can see, we are stepping up to that timeline. The Board of Examiners approved a contract to help us develop the RFP. That RFP was developed from August 2021 until February 2022, when we published it, and we are expecting the bids back at the end of this week. We hope to have a projective notice of award in June, with approval from the Board of Examiners in August. It is ambitious, but we are hoping we put enough in on the front end of the RFP to make those goals. We anticipate a kickoff with the vendor that will create the modernization in August. The money needs to be obligated and the project substantially completed by December 2024. Again, the team really rose to the occasion. There were literally three, four, or five meetings a day from different subject matter experts with over 140 meetings to develop the RFP with 20 to 50 subject matter experts in each meeting. It was all hands-on deck to make sure we had the right brains in the room. The features and priorities include a modern system that is client-centered, scalable, nimble, and adaptive; has the fraud-resistant tools that we need; and is basically as futureproof as we can make it with as much looking forward as we possibly can.

We are not waiting for the modernization to be finished to improve our systems. We are working with the United States Department of Labor (DOL) on two large initiatives. One is Tiger Teams, and one is the equity grant, which I mentioned. These are some of the initiatives that we are putting in place to improve our business processes and the services that are available, especially around the issues of access in language and disability, so we can make our services available to more folks. We are making quite a few fraud protection investments. We are looking to make the improvements now before we get to modernization. Those are the initiatives. We went through the worst of the worst in the pandemic, and the team came through with flying colors. We are fixing what we can fix now, and we have some big projects coming up to address the major structural issues that we dealt with during the pandemic.

Chair Jauregui:

Director Cafferata, I would like to take questions from the members regarding this first portion. We have questions from down here, as well as Senator Settelmeyer up north.

I have a couple of questions, Director Cafferata, before I turn it over to the members. You mentioned that Nevada is again number one in over-the-year employment growth; do we keep statistics as to what industries or sectors where that growth is happening?

Ms. Cafferata:

We do keep track. I am going to turn it over to Mr. Schmidt; he can give you the highlights.

Mr. Schmidt:

Typically, you might think we have recovered the jobs that we have lost, which is not really the case. We have some industries that are well ahead of where they were and some industries that are further from recovery. The industry that is the furthest from recovery is the casino, hotel, and accommodation industry. That industry remains down about 30,000 jobs compared to where it was prior to the pandemic. In contrast, the trade, transportation, and warehousing industry, which includes retail trade, wholesale trade, transportation, and warehousing industries, is about 20,000 jobs higher than it was prior to the pandemic. The details are something we could provide, but there are a number of industries that have grown beyond where they were. The casino and hotel industry remains significantly below where it was prior to the pandemic; just about every other industry is either at or above where it was, for the most part.

Chair Jauregui:

Mr. Schmidt, you mentioned it would take us about five years for the Trust Fund to get back to prepandemic levels, would that be five years from today?

Mr. Schmidt:

That would not necessarily be from today, but the last time we ran this and went through the process, which was in October, for setting the rates for 2022. So that would probably be five years from October 2021, if we wanted to be tight on the timing there.

Chair Jauregui:

Do you have an idea of how many people are still collecting unemployment insurance based on COVID-19 impact or claims? You said initially there were 2 million people who have filed unemployment insurance claims, but how many of the current claims are still due to COVID-19?

Mr. Schmidt:

We do not have any of the COVID-19 specific programs still in operation, so we do not have any natural flags about if it is COVID-19 or not. We do have a very low level of people claiming benefits right now; currently, just over 15,000 people per week are claiming unemployment benefits. For context, if you look at February—because we had a complete month there—on average, it was the lowest number of people filing for unemployment benefits in any February back to 1999 when the state's workforce was a little more than half of the size that it is now. We have a very low level of unemployment claims overall. So even if a significant fraction of those were somehow COVID-19 affected claims, it would still be a relatively low number in the scope of unemployment in the program.

Chair Jauregui:

Just to make sure I wrote that down right, you said February 2022 was the lowest number of claims since February 1999.

Mr. Schmidt:

Yes, for a February. We are pushing the lowest weekly averages that we have seen in that same time frame, but just for details looking at each February, it was the lowest February since 1999.

Chair Jauregui:

Thank you for answering all my questions. I am going to go up north to Senator Settelmeyer.

Senator Settelmeyer:

What is the total amount of debt that we currently owe within the Trust Fund that the businesses are having to try to replenish?

Mr. Schmidt:

Currently, we do not have any debt within the Unemployment Trust Fund; we do have the money that we have built up. The question would be how much money it would take to potentially get up to what we would think of as a solvent trust fund or being adequately prepared to pay recession level benefits in a future recession. The number for that would be in the ballpark of about \$1.5 billion. In contrast, the Trust Fund currently stands at about \$400 million; I do not have the precise number. That would imply that to get back to being fully prepared for a future recession, there is about \$1.1 billion left to go.

Senator Settelmeyer:

That is fantastic that we do not owe the feds or anyone else any funds. There was some fraud that occurred during the pandemic, sadly. I was curious how many cases have been put forward for prosecution and how much money has been recovered from those fraudulent claims or if you had any of that data.

Ms. Cafferata:

We provided those numbers to the Interim Finance Committee (IFC) recently, so we will share that report with you. We are working with law enforcement at several levels. If it is purely a Nevada case, it would be Nevada law enforcement. As we identify cases, we turn them over to law enforcement. There are also many efforts at the federal level because we saw a great deal of organized fraudulent approaches in several states. We are working with the [Office of Inspector General](#), U.S. Department of Health and Human Services, as it recovers money that is coming back to Nevada. As I mentioned, DETR provided that report to the IFC. I do not have it in front of me, but we will share it with this Committee so you can see those updated numbers.

Chair Jauregui:

Director Cafferata, please send that to the committee secretary so she could share it with the entire Committee. Thank you.

Senator Settelmeyer:

Unfortunately, I know several state employees who have gotten information from the Internal Revenue Service stating they owe money on something they never received. This is the first time they have run across it, and they are extremely troubled by what is going on.

I would appreciate that information as soon as possible so I can forward it on to my constituents. Thank you.

Chair Jauregui:

We are going to go to Assembly Member Kasama next.

Assemblywoman Kasama:

Thank you, Director Cafferata, and the entire staff at DETR. I know it has been a tough few years and the amount of work that everybody has put in is tremendous, and we appreciate that. My question falls in line with that. You said there were 268 people coming in and 277 people moving out, so it sounds like you have lost staff. You have people who have been heroic, working overtime, and everybody has pitched in, but what is the health of your organization as far as proper staffing and unemployment for the unemployment department. How are you trying to fill those needs now?

Ms. Cafferata:

I would say DETR is in the same boat as most state agencies and many employers. It is a hard time to find staff, so we are all working diligently to recruit. We have positions open all the time; we have about 300 positions open at DETR, so that is an ongoing effort.

I want to mention our [business services programs](#) that helps other employers and state agencies. We can go through people who are looking for jobs, match them up, and forward their resumes to businesses and government agencies who are looking for employees. You can check out the business services on our website. Our [vocational rehabilitation program](#) also does the same thing. It provides jobs for people with disabilities and matches them to employers. We provide those services to ourselves, but it is an ongoing challenge. When we get to the workforce presentation, you will see some of the barriers and challenges that all employers are facing.

One of the things we are doing, which we encourage other employers to consider, is being as flexible as we can. A lot of folks who worked from home and/or had flexible schedules during the pandemic really liked it, and it made it a lot easier for them to get their work done. We are keeping those options in place—to the extent possible—for our employees, which is very attractive.

When I started at DETR there were about 800 employees, and about 200 of them were eligible for retirement. When I say people stuck with us, a large number of people stuck with us and that was great to see; it was a great team effort.

During the pandemic, we requested several intermittent positions from the IFC. We did not know if we would still need them, but we still do need quite a few of them. When we get to June, the number of positions that we would like to keep going forward will still be intermittent and will be needed to support closing out the backlog and modernization.

Chair Jauregui:

I am going to go to Vice Chair next, and then we will go back up north to Assemblyman O'Neill.

Vice Chair Spearman:

Director Cafferata, regarding the comeback taking about five years, have you been able to identify any emerging or latent challenges that might be present? If so, are there things that can be done to mitigate or eliminate them either during the upcoming legislative session or by the Executive Branch?

Ms. Cafferata:

Yes, a major one is modernization. We will do everything we can to keep that on track because the system itself is a huge part of the work. Several of our other programs are modernizing and updating their case management systems, so agency wide, we are working to improve access. As part of the budget build, we submit to the governor's office any bill draft request (BDR) ideas that we have. We will be having staff meetings internally in the next month or two to identify policy changes. It is a little challenging because a lot of the federal programs interacted with the state law. We are going to take a deep look at that and see if there are ways to make sure our state policy is set up so that we can interact with federal laws to make it easier to provide services and benefits. It got extremely complicated there for a while. If we have recommendations, we will forward that information to you.

Vice Chair Spearman:

There was mention of industries that are growing. Do you have information of what types of industries are growing? Are they technology, are they medical, and where are they growing in Nevada?

Ms. Cafferata:

There are several initiatives that different partners in the workforce space take on. We have identified with the Office of Economic Development (GOED), Office of the Governor, high-demand, high-growth industries, and that is where a lot of the workforce effort is focused. We have what jobs, what industries, what occupations, and where they might be.

Mr. Schmidt:

We are happy to provide any data that we have, as we love talking about it. In Reno, the unemployment rate in February was, I believe, 2.8 percent. For context, the unemployment rate in the Reno area has only been below 3 percent 12 times since 1990; that is the earliest data that we have. The unemployment rate in Reno is close to its all-time low. In Las Vegas, the unemployment rate is higher; it is a little over 5 percent right now. It is just above the statewide average rate, but even that is relatively low and more like a full employment type of economy than the recession level rates we were seeing even a year ago.

As far as which industries, I am going to look at Las Vegas since that is the area that has slightly higher unemployment. A number of industries like trade, transportation, and utilities; the financial activities industry; professional and technical services; education and health services; health care and social assistance; hospitals; food services; and drinking places are more than 100 percent of their prepandemic employment levels.

We see the biggest gaps and the largest path to recovery, again, in the casino and hotel industry, which is only about 80 percent recovered. About 20 percent of those jobs in Las Vegas—about 33,200 jobs total—are below where they were at the start of the pandemic. The employment services industry—administrative and temporary services—have been recently down a bit from where they were. I think, in part, because if you have the

option between temporary jobs and permanent jobs you are probably more likely, as a worker, to go for the permanent jobs. There has also been some additional disruption in professional and business services. Transportation, like taxi and limousine service, has struggled for the last several years and it is continuing to be in that place. Other personal services are down a little bit. In part because, in Las Vegas, there are more of these other industries that are still tied to, or helping to, support the tourism economy and the casino hotel industry, and because it is disrupted, that spills over into some other industries.

Even in Las Vegas, there are a number of other industries that are above, even strongly above, where they were at the start of the pandemic. Transportation, warehousing, and utilities are up 13,300 jobs, which is 125 percent of what it was at the start of the pandemic. There are still areas that are seeing significant growth.

Vice Chair Spearman:

I would like to get with you offline to narrow that down with some specificity. Director Cafferata, it is my understanding, from one of the labor unions, that their average worker is about 47 years old, which presents some challenges when he or she still wants to work but is competing with a 30-year-old. Many times, they are left behind. Are you looking at any types of training programs or partnerships with schools for those people in the hotel and service industries who are being let go because of disruptive technology? Are we looking at anything to make sure to jump start those options and opportunities? Some of the emerging technologies are going to come within the next 18 months, and someone who is employed now could be replaced by some type of technology.

Ms. Cafferata:

You have highlighted one of the challenges with emerging technology, which is these jobs did not exist prior to the current situation. To answer your question, yes there are many training programs. I have heard, anecdotally, that a lot of folks came out of the hospitality industry and have gotten training in tech and coding jobs because they are used to dealing with technological systems and providing customer service. In a lot of cases, those folks who worked at the desk or in customer service jobs are well-suited. There is quite a sector of folks who have been able to reskill and go into manufacturing jobs and technology jobs. We will talk about many of the specific programs.

In the hospitality industry, I would say there are different initiatives because in the last legislative session, you passed the "right to return" legislation. This meant that people needed to be offered their jobs back, if their jobs came back, and I think part of the hospitality workforce has been waiting for that to happen. There are different people with different thoughts about where their future work is going to be. Some folks are more inclined to reskill and start a whole new career, and some want to wait for their job to come back because they really like their job. We are seeing both things happen, but we do have quite a few training programs, which we will talk about later this morning.

Chair Jauregui:

Thank you, Vice Chair. We are going to go up north to Assemblyman O'Neill.

Assemblyman O'Neill:

Ms. Cafferata, I really appreciate the work that DETR is doing in its modernization project particularly. On your RFP for a new DETR system, are you looking at an off-the-shelf system or are you going for a customized system?

Ms. Cafferata:

I have to be careful because we have to follow the state purchasing rules. Basically, the way the RFP works is we have a very extensive list of requirements. There are about a dozen vendors that provide unemployment benefit programs and, to my knowledge, none of them are off-the-shelf programs; they are all some form of hybrid combination. Some of the criteria we have in the RFP is a vendor must have built and run a successful unemployment program in another state. We are not starting with anyone who does not have this experience and who has not been able to solve this problem, and they must have a track record of that.

Assemblyman O'Neill:

Will there be some customization of the system for the unique needs of Nevada?

Ms. Cafferata:

Yes, the challenge in the unemployment space, as we talked about a little bit earlier, is that every state has a state law that governs the way the benefits are processed and the criteria for being eligible. The federal government is working on initiatives to provide all the states with the tools that we all use. Identity verification is a critical part of the fraud prevention, and we all do it the same; there are only so many ways you can do that, so the federal government is working on some tools that will be accessible to all states. One of the things we participated in, that is going to help all of us, is the ability to see in real time if someone has applied for unemployment in another state. This is a very common form of fraud that we should be able to prevent in the future. Those pieces can ultimately be universally used from the federal level, but there has to be customization to respond to state law, state requirements, and state policy choices that need to be implemented at the local level.

Chair Jauregui:

I am going to go to Senator Lange.

Senator Lange:

Director, I wanted to ask a follow-up question about that. It seems like when we have hearings from the departments, we get a system that works for that time and then we need updates. What really troubles me is that our system was archaic and that is why we are getting a new system, but it took all these years. What kind of protections or future thinking is the Department doing about the updates that are needed in the future, and is that included in your RFP process and what you are looking for?

Ms. Cafferata:

When we developed our RFP, we started with our key priorities. One of the key priorities was it had to be more client-centered. The old systems were designed for staff and serving staff tasks instead of being friendly to the client, who is applying for the benefits.

One of the most important priorities for the new system is that it is adaptable into the future. We tried very hard not to prescribe what the solution would look like; we want vendor expertise for that. In the RFP we stated the results we want the technology to deliver. We want a technology that is scalable on a very short term, which our old system was not. For example, historically, Nevada can go from record low unemployment benefits to record high unemployment benefits, and we need to be ready for that. We also want to

be able to implement new programs as Congress makes policy changes, and the current system was not particularly adapted to doing so.

For example, we did not state in the RFP that a vendor must be in the “cloud” as a solution. There might be a hybrid system where part of the system lives in the cloud and part of it is a physical system. We want the results, and we want the vendor to bring its expertise and tell us the best way to achieve those results. We really focused on adaptability, scalability, and future proofing.

Another example I would give is there are certain things we cannot do now, like use machine learning to make an adjudication; there must be a human being. There may be a time when we can incorporate more machine learning into our process. We want the system designed in a way that we can make those changes as the regulations are updated.

Chair Jauregui:

Thank you, Committee members, for all your questions. That wraps up this agenda item. Do not go far, Ms. Cafferata, because we have you presenting again for the next agenda item.

AGENDA ITEM V—PRESENTATION ON CURRENT ISSUES/UPDATES FROM THE UNITED STATES DEPARTMENT OF LABOR PERTAINING TO NEVADA AND UNEMPLOYMENT ELIGIBILITY FOR VACCINE-RELATED DISMISSAL

Chair Jauregui:

Agenda Item V is a presentation on current issues.

Ms. Cafferata:

I am joined again by my team members at DETR. We have several current questions that we were asked to give you an update on ([Agenda Item V](#)). The first specific question we will address is if a person refuses to get the COVID-19 vaccine and he or she was dismissed or quit would he or she be eligible for unemployment benefits. If you have been paying attention to any unemployment presentations, you will know the answer is it depends on all the different criteria. First, at the high level, unemployment benefits are a temporary, partial wage replacement to help a person get back to a job. To qualify for unemployment benefits, a person must meet all the criteria that are in place at the time. They changed quite a bit during COVID-19, but we are back to the very narrow set of criteria that must be met.

This flow chart comes from the guidance that we share with our adjudicators; again, you must meet all the criteria to be eligible. There are not any definitive yeses or no’s here. These are the things an adjudicator would ask in a review of a case. One of the first questions an adjudicator would ask is, “Did you know that there is a vaccine mandate before you took the job?” This would create an expectation. If you knew there was a mandate and you took the job and then you refused to get a vaccine, it is likely your claim would be denied unless there are some other circumstances. If you did not know about the mandate before you got there, then the next question we would ask is, “You found out about the mandate. Did you have a medical reason or religious reason not to get the vaccine?” If you have a medical reason, then the next question we ask, “Is it documented? Do you have a note from your doctor for why you cannot get the vaccine?” If you have a medical documentation of why you should not get a vaccine, even though your employer has a mandate, then you are more likely to be approved for unemployment, as long as you meet all the other criteria to get unemployment benefits. If you do not have documentation,

then the claim would likely be denied, in most cases. If you do not have documentation, and you quit or were discharged for failure to vaccinate—again, it is not cut and dry—if you quit for good cause, and there are several criteria that determine what good cause would be, your benefits would potentially be approved, as long as you meet all the other criteria. If you refused and you do not have a medical or religious reason to refuse, then your claim is likely to be denied.

The next current event is the backlog. I wanted to share this information because the constituents you are likely hearing from now are those who are in adjudication. Unfortunately, because of the millions of claims we received, we are still adjudicating claims. We are through the backlog in the pandemic unemployment assistance. In regular unemployment, there is a due process requirement, and the claims are more complicated. We need to hear from both the employer and the employee, and those interviews can take quite a while. We are several months behind unfortunately, and you will be hearing from those folks.

How can you help them? More than 50 percent of our claims are paid within 14 days after the first week that unemployment is filed. This is the benchmark we are going for, so we are halfway there. The best way to get in that line is to not have issues that need to be adjudicated. There are some specific issues that I have listed here. I will go through them and tell you how people can avoid ending up in adjudication. If people received a severance package or vacation pay, those weeks are still counted as getting paid. If they want to avoid going into adjudication, they can wait out those weeks. For example, if you received two weeks of vacation, you could hang out for those two weeks, take your vacation pay, and when you file for unemployment, you do not have to list that pay because you were paid for those weeks. Then you start filing for unemployment and there is nothing to adjudicate. Once you list those weeks, it is in the unemployment rules that you are still getting paid.

For a certain percentage of folks, we call them if they are unemployed and offer them an appointment to come in and go through reemployment services. This is an assessment of their skills, discussion of what jobs they are interested in, and conversation about the different training that is available. If they are contacted, they need to respond and participate in the program to maintain their eligibility for benefits. Under unemployment, to continue to get benefits, a person must be able and available to work and be looking for work. This was suspended during the pandemic, but those rules are back in place. If a person is not able and available to work or is not looking, then a person cannot file that week and there is nothing to adjudicate. A person should only file in the weeks where he or she is able and available to work and looking for work.

We are seeing a great deal of unreported earnings. People are working part-time, but they are still applying for unemployment. That is fine, as long as they always report their wages. A person's benefits will be reduced. We want people on the journey to go back to work, but they must follow all the rules. If they have earnings, they need to report them in the week that they are earned. If people have questions about that, they can use our call centers. It is important that folks follow those rules so that they can avoid going to adjudication, which does have a backlog.

One of the reasons we have this backlog, is we have lost a lot of the assistance and the extra help that we had during the pandemic. During the pandemic, we were able to use nonmerit staff, which meant we could hire contract staffing services. The funding for those contracts has ended and the ability to use contract staffing services was rescinded in September 2021. As you recall, we had 200 welfare staff who were working evenings and weekends in overtime to assist us. The welfare staff have returned to the Division of

Welfare and Supportive Services, Department of Health and Human Services (DHHS), so we do not have that help anymore. We had 183 intermittent employment security staff and 16 IT intermittent staff. We will have a request to the IFC to keep 63 of the employment security staff and 16 of the IT staff going forward the modernization effort.

Those are the issues that have kept us from finally clearing out all the backlog. We are on track to get done this year; it is certainly disappointing we cannot go faster. We have a weekly meeting on what else we can try and what other ways we can get through this backlog. We are completely dedicated to doing it as fast as we can and unfortunately, it is not going as fast as we would like, and you are probably hearing about it. I wanted to reassure you, we are doing everything we can to approach this and get through the backlog so people can get their benefits in a timely way.

Chair Jauregui:

Members, any questions for Director Cafferata? I am going to start with Senator Lange.

Senator Lange:

I have a couple questions. The first one is about the backlog, which I am sure you knew was going to come up. I am getting a lot of emails from my constituents and even people who are not my constituents; I think they are emailing all the elected officials and then we are all emailing you. These are people who cannot pay their rent, cannot buy food, and cannot pay their electricity. Some of the people who have emailed me have been waiting for over nine months, and when I refer them, I am told that the backlog is still very large. I really have a heart for these people because when you have all those insecurities, it is very difficult to manage in life, and that brings on the mental illness that people are having because of all of this. I understand the Department has lost a lot of people and it is not staffed at the levels it was during the pandemic. It is not something I am blaming the Department for; this has happened because we had so many claims. How can we become whole again, sooner, so that we can help Nevadans get their feet back on the ground and feel like they can provide for themselves, their families, or their children? We all saw the article about the teacher who is living in her car because she cannot afford to pay rent, and this is happening in a lot. These people who are in the backlog have nothing; they are not getting any assistance anymore because there is none out there.

Ms. Cafferata:

I wish I had a better answer for you. I have to say in the whole duration of my time with DETR—which is now going on a year and a half—this is probably the most frustrated I have been. In the height of the pandemic, there were a lot of moving parts, and every week we were reinventing the process. We were redeploying staff; every time we finished one backlog of work, we redeployed those staff and put them somewhere else. One of the reasons we shared the staffing with you is that we are down probably 500 staff because of the change in the rules at the federal level, the funding that we have, and the welfare staff returning to the Welfare Division to start working on its backlog. We have been working with our federal delegation and would love it if you would add your voices to this.

We were working with two different contract staffing agencies. We were very targeted in our approach with them. We had them work on one specific issue and we trained them in depth in that issue, but we are now losing those folks because we cannot use them under federal rules. They had a year plus of experience of processing unemployment claims, whereas the folks that we can hire are brand new and we must train them. As you saw from the one flowchart, it is a very complex system. If the DOL would let us have the staffing

flexibility to get through the backlog, not on a go forward basis, just to get back through the backlog, that would be significant.

The way we are funded, we get base-year funding which is, sort of, the average year—which there is not really such a thing. Then, after the fact, we get above base for the number of cases that have come in. All these programs have expired, so no new cases are coming in. There is also no additional above base money to administer the program, even though we still have these cases and close to nine months of backlog to get through. The frustration is that I know people need the money right now, but we have to go in order and get to the folks who have been waiting eight months as soon as we can. There are just no good answers.

Again, we are going to ask to keep as many intermittent staff as we can. We might go back and look to see if we should ask to keep more to focus on this backlog; that is one potential thing we could do. We are running out of the legal authority, money, and people with expertise to do this work. Like I said, this is the most frustrated I have ever been because if you lost your job, the need is just as great now as it was during the pandemic. I will say there are other assistance programs. You mentioned rental assistance. I do believe there is still assistance in housing, and we can make sure we have those resources, but there is very little that is available. I will go back to my team and see if there is anything else we can ask you for.

Chair Jauregui:

I want to follow up on the question Senator Lange asked on the guidance that came down from the DOL where they allowed you to use merit staff and then they rolled it back in September 2021. Would it just take additional guidance from the DOL to allow you to use this staff to clear up the backlog?

Ms. Cafferata:

Yes, we get policy letters, which are directives. It is not really guidance; it is direction from the DOL. At the beginning of the pandemic, they gave us flexibility. Merit staff are state employees, essentially. They gave us the flexibility to not have to have merit staff doing the work. Then in September 2021, that flexibility ended. When the DOL gives this direction, it also has several webinars with our state employees, and DOL came back to this point again and again that the flexibility had ended, and we could not operate the way we were operating before.

Chair Jauregui:

I am going to go to Assemblyman O'Neill in Carson City.

Assemblyman O'Neill:

Ms. Cafferata, regarding the vaccine refusal issue, do you have any numbers on how many claims were received where the discharged employee was making a medical or religious exemption?

Ms. Cafferata:

I do not believe we have a way to capture that information, as it is not part of the application. I will check with my team to see if we have numbers on that.

Assemblyman O'Neill:

I thought it would be part if you are asking why they were discharged and what was the reasoning. My follow-up would be, how many of those were accepted versus denied, and how did you make that determination to accept or deny those claims?

Ms. Cafferata:

The big picture response would be, if the reason you quit your job or you were let go was because you refused to get a mandated vaccine, you can apply for unemployment. Then the question is, "Do you qualify?" The next question would be, "Did you quit?" or "Were you laid off?", which you would have to explain. You would go into adjudication if the employer said, "You quit but it was not for a good reason, so I protest you getting unemployment." That would be when the case would come to adjudication.

Assemblyman O'Neill:

In your slide, you have "No, does the employee have medical advice not to vaccinate?" That is what I am curious about. Then you also talk about religious, so you must be asking someplace on the application a reason for dismissal. If they state they have a medical or religious exemption, it has to be determined some place. To me, that would be a statistic of value.

Ms. Cafferata:

We would definitely have those notes in our case notes of the adjudication, but I do not know how easy it would be to pull out the statistic. I will check with my team and see if there is a way to get you some numbers on that.

Assemblyman O'Neill:

What I am really looking for is the justification on how many you accepted or denied and why they were accepted or denied. Why was one doctor better than the others; why you accepted one doctor but not another medical doctor. Then also on religion, how you separated them out. I am looking for how you made those determinations.

Ms. Cafferata:

We have dozens of adjudicators, and the goal of our work and the goal of this kind of guidance is to create a fair system. If you had a doctor's note, I do not believe we would evaluate whether the doctor was good or not. It is documentation from a medical professional that likely, if you met the other criteria, then you would be eligible for the benefits. I believe for religious reasons, we take that on faith since there is not a way to document that. I believe our attorney is on the line; maybe he could talk through the process of how these decisions are made.

Assemblyman O'Neill:

That might help. You say you have dozens of adjudicators; I want to make sure they all adjudicate to the same standard. There must have been a policy, determination, or definition on what to accept or not accept. Yes, maybe your attorney can assist on that one. Thank you.

Troy Jordan, Senior Legal Counsel, Employment Security Division, DETR:

I will start out with saying that it is a fluctuating situation on a number of levels. The guidance from the DOL and the guidance with what little court we have, is that it will depend on a case-by-case basis in large part. I can tell you with some certainty is if a person has a genuinely held religious belief exception, he or she will likely get paid. If a doctor states a person should not vaccinate, the likelihood is he or she will get paid. It is the guidance we have set out, as long as they have the documentation obviously.

The other thing I want to clear up is that adjudicators work in such a way that they interview both the parties. For example, if the employer is contesting this, they interview the employer and get their documentation, and they interview the claimant and get their documentation. If the losing party does not like the adjudicated decision, they then go to a full-on evidentiary hearing where the claimant can call witnesses. For example, they could call their pastor, priest, or whatever the title of the religious person may be, or they can bring in their doctor or documents from their doctor. *Nevada Revised Statutes* (NRS) [612.500](#) allows them to use statements from witnesses because the hearings are designed to bring in all the evidence and not necessarily follow court evidentiary rules as we would normally understand them.

We have tried to mirror the DOL with our guidance to our adjudicators and referees by telling them they have to look at every case separately. I do not want to necessarily get into hypotheticals. In 2021, we had a little over 700 petitions for judicial review cases—I do not remember the total number off the top of my head at this point. We are breaking record levels in 2022, as you might expect, just getting through the pandemic cases and the cases as they come in. I can tell you, not one of these cases has gone to a petition yet. I do not know what the reason for that is, yet, or if it is just that most of them have either gotten paid or the employers are not contesting. I do not want to speculate because we do not have that data.

Regarding other considerations, DOL guidance tends to change over time. The other two issues that I want to make clear for the record is the two separations that would cause a case to go forward are either: (1) you quit without good cause; or (2) you violated a reasonable standard of your employer, which is what we call under unemployment law “misconduct.” The question that is going to be in flux is what a reasonable standard was, and I will give you two examples anecdotally. For example, if an employer were to fire someone who was already working at home—in the privacy of their home, behind a computer—for not taking a vaccine, there is at least a solid legal argument that it is not a reasonable standard to force them to vaccinate if they are already separated from the public. Whereas, someone who is interacting with the public every day, such as in a hospital or other medical setting, that may weigh in favor of it being upheld. I do not want to comment on either of those scenarios more than I just did because, as I said, case law is in flux, and these cases are working themselves through the court system. The guidance we are giving, in general, is look at every case on an individual basis, weigh the results as you would, and if they are documented, most likely they will be approved.

Chair Jauregui:

Thank you, Mr. Jordan. Assemblyman O'Neill, any follow-up?

Assemblyman O'Neill:

Chair, I can follow this up for hours. I am still looking for what the policy is on these employees so I will just say thank you.

Chair Jauregui:

I am going to come down to Assembly Member Kasama next.

Assemblywoman Kasama:

Director Cafferata, you said the DOL has taken away the flexibility for hiring staff; would you be able to email our Committee with those DOL regulations? We want to help the people of the State of Nevada and see if there is any way that we could work with our Congressional Delegation. I am an optimist, but the state moves slow, and I think Congress moves even slower. I would like that opportunity for all of us here to try and pursue, to see if there is something we can do to help you get the workforce you need that is already trained and sitting out there, as you said. Thank you.

Ms. Cafferata:

Yes, we will provide that to you.

Chair Jauregui:

I am going to go back up north to Senator Settelmeyer.

Senator Settelmeyer:

This question is asking Ms. Cafferata to reach out to the HR departments in the State of Nevada. Unfortunately, I know several individuals who are no longer employed with the State of Nevada because their medical exemption or their religious exemption has been denied. How many have been requested and how many have been denied? The good news is those individuals are not unemployed; they just went to work for the private sector. I know an individual who was not allowed a medical exemption, and he went to work for Tesla for three times the pay. It was good for Tesla, but bad for the State of Nevada because the state had put tens of thousands of dollars into training this individual only to have him leave because of this mandate. In that respect, I am curious if we could try to get some anecdotal information about how widespread a problem this is. If you could reach out to the HR departments and try to find that information for me, I would appreciate it.

Chair Jauregui:

Thank you, Senator Settelmeyer. Senator Lange, do you have another question?

Senator Lange:

We have had a conversation about the flexibility of the staffing. You mentioned in your comments that it would be helpful if we—as a committee—could send a letter to our federal delegation and/or the DOL. Chair Jauregui, I am wondering what the process might be for us as a group to say that would be a great idea and proceed.

Chair Jauregui:

I completely agree, and I have already asked my policy analyst for help with that. Members, seeing no other questions, we can move on to our next agenda item with Director Cafferata.

AGENDA ITEM VI—PRESENTATION ON ONGOING WORKFORCE EFFORTS BY THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

Chair Jauregui:

Agenda Item VI is a presentation on ongoing workforce efforts by DETR. Thank you, Director.

Ms. Cafferata:

I know you are hearing from other folks this morning on workforce efforts. I am going to give you the highlights of what we did during COVID-19, what is currently happening, and a look into the future ([Agenda Item VI](#)). Workforce is the part of my job that I am excited to be spending a lot of time digging into. There is a large and complex workforce development ecosystem in the state. I have been asking for a map of the workforce ecosystem, and there is not really a great map of all the people who are working to develop our workforce. I will share with you my thinking about it, and hopefully this will help as you are thinking about policies that we might propose together in the next legislative session.

I am thinking about where we need to go, because you will rapidly get into complicated weeds about all the places where this happens, who pays for it, how it is funded, how it is directed, and the guidance. I learned this weekend that the U.S. Department of Agriculture has workforce development staff who are in their literacy arm of the Department. The state treasurer has a navigator who does career navigation for folks who are getting Millennium Scholarships. It really exists everywhere. The old workforce ecosystem in Nevada was good at making certain there were plenty of workers for the hospitality industry, gaming, and tourism because that really was the backbone of the state. I am thinking about what changes we need to make in the workforce ecosystem to make sure it can do that but also prepare people for these emerging technologies and the jobs of the future.

There is no one entity that owns all the direction of workforce development. A lot of the challenges we see are from approaches that are top-down; we are going to have one plan for the state and that is how we are doing workforce development. The system is so complex, I do not think we will be successful if that is our approach. The way I am thinking about it is what two or three initiatives, what specific projects can we work on together, what specific policies can we change that will really leverage the results that we are looking for. That is my 30,000-foot view of what we are doing.

I want to tell you a little bit about the specifics of what DETR is doing. You are hearing from other folks in the ecosystem later today, so you will get a good picture of some of the things that are happening.

If you look at what we did during COVID-19, while we borrowed a lot of staff from our workforce programs to help process unemployment claims, we also made a lot of effort to make sure our services were available online. We were one of the first states in the country to make vocational rehabilitation applications fully available online and those vocational rehabilitation support services available through online appointments. We also offered virtual services because our [Nevada JobConnect](#) locations were closed. We had quite a few successful virtual job fairs. Those are still available, but we are also moving to in-person job fairs. Our partners, [Nevadaworks](#) in the north and [Workforce Connections](#) in the south, stayed up and online. They made their services available virtually or in some cases in person. The [day labor offices](#) reopening should be on current efforts; they closed during the pandemic based on the state precautions.

We applied for and received several emergency grants to provide additional services to displaced workers. The Supporting and Advancing Nevada's Dislocated Individuals (SANDI) Grant is focused on providing new training and apprenticeship programs for people who are most heavily impacted by the pandemic. The Accelerating Nevada Apprenticeships for All (ANAA) Grant is designed to create new registered apprenticeship programs and enlist underserved populations who you do not typically see in apprenticeships as we go forward.

We were excited to work with the governor on Job Fest, which had hundreds of employers with interviews on the spot. Over 100 people were offered jobs that day; many more had interviews and followed up. This is the effort we had during the pandemic to keep that work going as folks were pivoting back to going back to work.

All our Nevada JobConnect locations are back open. Vocational Rehabilitation is able to do in-person services. The State Apprenticeship Council, Office of Labor Commissioner, Department of Business and Industry (B&I), has been reevaluating and approving nonconstruction apprenticeships, which is the direction we are looking to go in the future. Those approvals are now back at B&I; you may hear from them this afternoon. That part of the workforce process went back to B&I the last legislative session under the labor commissioner and the State Apprenticeship Council. We have GOWINN. They have reinvigorated the Governor's Workforce Development Board, which works to develop the state plan for workforce investment activities and makes sure the plans from all the partners are integrated.

The industry sector councils, which give us information from employers in specific industry areas, have also been reinvigorated. We have folks from healthcare, manufacturing, IT, and logistics telling us—from an employer perspective—what skills they are looking for, the challenges they have in hiring people, and what training they would like to see developed.

The [National Governors Association](#) did a workforce innovation analysis. It did a report of our ecosystem, and there are several recommendations that we are implementing from that report. There are many other efforts that are currently ongoing to make sure people can get the training and support they need. Looking into the future, one of the recommendations from the National Governors Association report was to elevate these priorities for the governor. We are creating a subcabinet to focus on the governor's workforce priorities; you heard several of them in the State of the State Address. Certainly, jobs and the economy have been a priority all through the pandemic but especially now. The members of the subcabinet will be DETR, GOED, Nevada's Department of Education (NDE), the Nevada System of Higher Education, GOWINN, and the Department of Veterans Services.

This is where we come back to the philosophy about the specific initiatives, we can take to leverage all of the resources in the ecosystem to get people where they need to go. We are looking at more free training that can be supported in this system, in addition to what is already available. The [AB 450](#) (2021) committee is looking at what we can do to make community college, and particularly the workforce tracks there, more accessible. The labor commissioner, again, is working on more availability of apprenticeships.

One of the major initiatives is to get better data in the empower system, which is the longitudinal data system that tracks when we make an investment in workforce or education and the outcomes for employment and wages as people get through those trainings. So, where can we invest in the workforce for the highest return on investment?

One of the other major initiatives you are probably hearing about, and may see legislation on, is coming up with a shared definition of what is a "quality credential" and how we can make it more accessible. There has been, nationally—not just in Nevada, a huge explosion

of the number of certificates and credentials that are available. We are working on how we can make sure people can find those credentials. The [Workforce Innovation and Opportunity Act](#) (H.R.803 of the 113th Congress) will pay for a person to get those trainings and credentials. We want to make sure people can find them if they are interested, have an understanding of how valuable they are—do employers value this, do you get good wages when you complete these credentials—and get support for that training.

You will also see some industry-specific rapid response; the governor mentioned health care. The DOE is working on teachers, which is a critical pipeline we need to support. Childcare, certainly, is critical. There are opportunities in the lithium industry, and climate change is another priority that we are looking to address. We want to integrate vocational rehabilitation, more with the workforce ecosystem writ large. Occupational licensing reform has a role to play in getting people into the jobs that they want.

I would say parallel and integrated with this work, the major barriers that we are seeing in Nevada—I know you are going to hear more about this—for young women, childcare is absolutely a full stop barrier. If you do not have childcare, then you are stuck. I know the governor has major investments and initiatives in this area. We are in a support role to help them develop the staffing and any policy changes they need, but there are other folks taking the lead on childcare. Affordable housing and transportation are critical, so you will probably be hearing from folks working in those spaces. Those are some of the major barriers to getting folks back to work that have dropped out of the workforce during the pandemic.

Those are some of the major initiatives we are working on and as we get closer, we will probably have some policy recommendations we would love to work with you on.

Chair Jauregui:

Thank you so much, Director. I am going to check down here first to see if we have any questions from the members. Vice Chair, please.

Vice Chair Spearman:

You mentioned you are checking to make sure there are licensing or professional agencies. Are you working with the professional licensing boards especially when it comes to compacts? We passed a number of bills last session with respect to licensing compacts. There are people who may want to go into nursing, the beauty industry, or something else. Are you working with the professional licensing boards to see how they might be able to help identify those people, and then once identified, to make sure the licensing process is expedited, particularly working with the veterans services committee? That is one way we might be able to give people jobs. If so, is there some place on your website where someone can find all these resources as opposed to visiting several different websites to try and figure it out?

Ms. Cafferata:

Occupational licensing reform is one of the governor's priority initiatives and we are working with the governor's office to support them. I do not have all the details of the conversations they are having, but we are very supportive. We will share with you the analysis GOWINN did of occupational licensing and reform primarily with an eye to support the Department of Veterans Services. We see spouses of active military, as well as veterans, who have moved a lot. These are people who have great skills, licensed in other states, and facing challenges here to get licensing. I believe Nevada participates in a few of the compacts, but I do not

think we are participating in all of them. There is certainly an opportunity there. We can share this report with you, which gives you an in-depth look at the opportunities, challenges, and ways other states have addressed it. There are challenges for veterans and people coming from other states and we can do a better job.

Vice Chair Spearman:

Last session there was a bill that came out of the Sunset Subcommittee recommending some changes with respect to the reports provided to the Legislature by the licensing boards. We have been dealing with this since 1999; the reports are supposed to be pushed forward to the Legislature, but they are not. Those reports include how many people have applied, how many people were denied, and why. The big clincher for that is for veterans, military, and military spouses. If that is something that you can include in the information you might request, that could help us, because right now, some of the boards have never answered that question and that exacerbates the problem. Coming out of COVID-19, I think it is imperative that everyone involved must push to make sure the professional boards do what they are supposed to do by statute.

Chair Jauregui:

Thank you so much, Director, for your presentations and being here for all three. We appreciate you and your staff and all the work you have done. I know you mentioned that many of your staff worked through the pandemic without a day off; I hope they are getting some rest now, and please let them know that we appreciate all their hard work.

AGENDA ITEM VII—PRESENTATION ON SMALL BUSINESSES IN NEVADA AND CURRENT WORKFORCE NEEDS

Chair Jauregui:

Agenda Item VII is a presentation on the small businesses in Nevada and current workforce needs. It was always my intention when we started the interim committee to make this an informational committee where we learn about all the industries and areas that come before commerce and labor and make sure we are fair and hear from everyone impacted in every sector. We heard from our public sector when it comes to labor, and I think it is important that we also hear from the private sector to hear the issues that our small businesses are facing as well.

We are going to start down here in southern Nevada with [Agenda Item VII A](#), which is a presentation from the Vegas Chamber. We have President Mary Beth Sewald, who is the Chief Executive Officer (CEO), to present.

A. VEGAS CHAMBER

Mary Beth Sewald, President and CEO, Vegas Chamber:

Thank you so much, Chair Jauregui, Vice Chair Spearman, and members of the Joint Committee. I am joined today by my colleague Dylan Keith; he is the Manager of Government Affairs at the Vegas Chamber. Once again, I want to thank you all for having us today. I am going to give you a very brief, high-level overview of the Vegas Chamber, a little bit of its history, and some of the services the Vegas Chamber provides, which is in direct response to the needs of the business community employers and employees ([Agenda Item VII A](#)).

I want to stress that it is not just members who we provide these resources to; these are members and nonmembers alike. As a matter of fact, throughout the height of the pandemic, the Vegas Chamber made a concerted effort, and we gave away more than 350 free memberships to our smallest businesses. We define a *small business* as “those with 50 or fewer employees,” and this is in NRS as well. We find it incredibly important to provide these resources to employers and employees across the entire state—north, south, and rural. I know you will hear stories from my colleague Ann Silver in northern Nevada as well.

I was really interested to hear from Director Cafferata because prior to her arrival at DETR, we literally took calls from those who were unemployed and could not get resources from DETR, they were literally suicidal. At the Vegas Chamber, we were boots on the ground. We were the front line in a lot of ways, but we did not have a lot of the resources or education to be able to help these folks. We partnered with our strategic partners like Workforce Connections to provide those kinds of resources.

One story I will tell you quickly—we have a member whose name is Kathy Brooks from the Hydrant Club. She is a small business owner in southern Nevada who does dog training, dog daycare, and things like that. She called me one night, during the height of the pandemic, in tears and said, “I cannot do this; I cannot keep my business open.” The very next day, luckily, the Vegas Chamber had a webinar with Joe Amato, District Director, from the [U.S. Small Business Administration](#). We were able to connect her directly with Joe and he walked her through how to fill out a Paycheck Protection Program loan, Economic Injury Disaster Loan, and things like that. That is just one example, of hundreds, that I am sure all my chamber colleagues from across the state could share with you of the real person-to-person assistance that we were able to provide. Again, that was something that fueled the entire team. I think our teams at the chambers across the state were able to step up in ways that we did not even know we could. While this was the most challenging time I think we have ever faced, it was also the most gratifying.

To give you a bit of background about the Vegas Chamber, we are celebrating 111 years, this year, of being in business. We are the broadest business organization across the state and have a lot of resources. We were the first chamber in the United States to house the [Employ NV Business Hub](#), and that was a direct result of what members and nonmembers alike told us they needed across the state. We have our handprints over a lot of things across the state including: what is now the [Harry Reid International Airport](#); the [Las Vegas Convention and Visitors Authority](#); and the designation of Interstate 11. The Chamber has a long history of being very involved in this community and that was no small change during the height of the pandemic.

The Vegas Chamber was the first in the nation to provide a comprehensive association health plan. We are not the only ones to do that; thankfully our friends in northern Nevada and Reno/Sparks do that as well. We also have an association retirement plan. These are things that our members and nonmembers alike can have access to. The reason this is so important—as you all know—because our employers need to have important benefits to provide to employees. Many associations, organizations, and companies in the country do not have the ability to provide affordable health plans or retirement plans and our employees deserve benefits like that. The Vegas Chamber has gone above and beyond to make sure that our employers have those benefits.

We are engaged in workforce development efforts. What is important there is we are engaged in upskilling and reskilling our employees so they can be connected to those important positions. We do that through our partnership at the Employ NV Business Hub

with Workforce Connections. We also provide resources that businesses need such as HR, Occupational Safety and Health Administration (OSHA) labor guidance, and advertising.

What are the challenges that our businesses are talking about? Of course, everybody is talking about inflation. The global condition right now has a lot of people nervous. These are the larger global things that people are talking about. When you bring it back home, they are looking at our quality education system—education is huge. Affordable housing came up yesterday about 15 times; I think that is another thing. Even if we can upskill and reskill and get our employees the jobs they need to take care of their families, they are still in a position where they cannot even afford housing. This is something the Vegas Chamber is working on, while that is a bit of a newer initiative. Then, of course, providing those educational resources.

Regarding opportunities for targeted industry growth, we recently partnered with the [Las Vegas Global Economic Alliance](#). The Vegas Chamber was instrumental in putting together the brand new *Workforce Blueprint 3.0*, which is not even out yet, but we can get you all a copy. It discusses general and advanced manufacturing, business and financial services, and the top emerging industries we are seeing here in southern Nevada. It is important we understand what those are so the chambers can work with our educational systems to get those certificates that Director Cafferata talked about. The business community is leading the way on having our companies throughout the State of Nevada identify their needs and connect with our educational systems. Then, we can provide our workforce with the needed skills, talents, and resources they need in order to be a skilled and ready workforce for the new and emerging industries that are outlined in the *Workforce Blueprint 3.0*.

Another thing I am extremely proud of at the Vegas Chamber is we have been working with the Las Vegas Global Economic Alliance to submit multiple unique regional proposals. This is in response to the \$3 billion initiative, [Investing in America's Communities](#) from the Economic Development Administration (EDA) of the U.S. Department of Commerce. The Vegas Chamber has been spearheading and convening organizations on the [Good Jobs Challenge](#). That is a grant that could potentially garner up to \$27 million for southern Nevada, but the best news about this is we are not going to be dependent on a grant. We are working with our strategic partners and educational systems to stand up these programs and resources regardless of any grants whatsoever. If we do get the grants, it will be the largest ever regional collaboration to apply for these federal funds. The good news is we are able to provide these resources and this framework, regardless of whether we get these grants. The Investing in America's Communities initiative offers funding opportunities in three main areas. Those are employment, economic revitalization, and then, of course, our hardest hit industries—which Director Cafferata also discussed—the hospitality industry and restaurants.

I am really excited about the Good Jobs Challenge, which builds on the 2021 [Comprehensive Economic Development Strategy](#), or the CEDS. We are leading the efforts to secure the EDA funding for that Good Jobs Challenge, and the goal is to get people back to work by strengthening the workforce in that talent pipeline.

One of the big things that we are also working on, and we have talked about childcare here today. As we have polled our members and nonmembers alike across the state, they are telling us that, of course, workforce is their number one priority, but one of the biggest barriers to those workers going back to their jobs is childcare. Over the last three months, the Vegas Chamber partnered with Clark County. We put together a program, again, where we are giving away 357 free chamber memberships to childcare entities to give them the

resources they need to stay in business so that our workforce has a good quality, trusted place to take their children. We have already signed up 52 childcare members across the state. This is something we are really excited about, and they are very happy to have these resources. They would never be able to have these resources were it not for this program the Chamber has been able to put together through our friends, mainly Clark County Commissioner Marilyn Kirkpatrick.

These are a few of the things in response to when our members call us and tell us what they need. Workforce continues to drive our efforts right now, and that is our primary point of focus at the Vegas Chamber. In the interest of time and out of respect for your time, I will keep my remarks very brief, and I am happy to answer questions, if you have any.

Chair Jauregui:

Ms. Sewald, I want to start by saying thank you. I attended two of the virtual meetings with Joe Amato so I could gather resources to share with my district. Those were some of the most helpful, informational meetings I was on during the height of the pandemic. We made sure we distributed the information via newsletter to small businesses and constituents in my district who maybe owned small businesses elsewhere. I am going to start by turning it over to the members to see if they have any questions. Vice Chair, please go ahead.

Vice Chair Spearman:

I have a question because this has been brought up to me by some of my constituents. We talk about childcare, but the other piece of that is at the other end of life's spectrum with eldercare. Some people are caring for a parent or grandparent, and they cannot go back to work because they do not have enough for full-time nursing care. What about eldercare; are we addressing that in any way?

Ms. Sewald:

Yes, we are calling that the sandwich generation—where if they are not able to work remotely, then they are having to find childcare and eldercare. The elder care piece is next on the agenda. We have mainly been focusing on childcare because that is what the employers said they needed the most. We are not hearing quite as much about eldercare, but as we progress through this program with Clark County, eldercare is next on the list, but it is not something that we have put together a program per say. Great point.

Vice Chair Spearman:

A couple of sessions ago, I believe it may have been 2019, Senator Settelmeyer had a bill that would allow people who were family members to help take care of those who might be mobility challenged, et cetera. Have you looked at working with the Aging and Disability Services Division (ADSD), DHHS, to see what you might be able to come up with as a baseline and then build on that? Perhaps that may be something that could be applied for using ARP dollars under senior citizens.

Ms. Sewald:

We have not done that yet. I remember Senator Settelmeyer's legislation. We will look into that; it is a great suggestion, thank you.

Chair Jauregui:

I will wrap up with one question. I was really interested in learning more about the challenges for small businesses because if they are facing challenges, that puts jobs for our constituents at jeopardy. The more thriving small businesses we have, more jobs are created in our area. I know you said you were focusing on workforce and then affordable housing came up a lot; is there anything we can do during the next legislative session to help with workforce development and affordable housing?

Ms. Sewald:

That is a great question. We are currently looking at different initiatives from the chambers across the state because we collaborate with urban, Latin, Asian, and so forth. I think there will be some workforce legislation that we could perhaps bring forward to you. A lot of times we are looking to protect our employers, during the legislative session, from things that they feel are onerous. Moving forward, we are looking to identify those positive legislative efforts that we could potentially look at. We are mostly looking at workforce development and resources. Our employers really need those resources to be able to stay open right now, so not only are they looking for things like human resources, but funding as well.

Chair Jauregui:

You mentioned the *Workforce Blueprint 3.0*; when it does come out, please share it with our Committee. Thank you, and I appreciate you both for being here with us this morning.

We are going to move on to [Agenda Item VII B](#), The Reno + Sparks Chamber of Commerce. We have CEO Ann Silver with us to present.

B. THE RENO + SPARKS CHAMBER OF COMMERCE

Ann Silver, CEO, The Reno + Sparks Chamber of Commerce:

Good morning, Madam Chair, Vice Chair Spearman, and members of the Standing Committee on Commerce and Labor. I am going to have our lobbyist Tom Clark make a few remarks first.

Tom Clark, Lobbyist, The Reno + Sparks Chamber of Commerce:

Good morning, Madam Chair. I am here on behalf of the Reno + Sparks Chamber of Commerce. I wanted to take a minute to introduce Ann Silver to you all. Ann has been the CEO since 2016. She has a great track record and great history around the state. She graduated with a bachelor of arts from Cornell, and she got her doctorate of law from the University of Notre Dame. Prior to joining the Chamber—I just learned this as we were sitting here waiting for our remarks—she was appointed by both Governor Robert List and Governor Richard Bryan to head up DETR. Ann was actually the general manager of Radio City Music Hall in New York. On the business side of things, she was the CEO of Big Brothers Big Sisters of Northern Nevada; she was the executive director of JOIN, Inc.; and she previously was a HR consultant to Sierra Nevada College.

Ms. Silver:

The Reno + Sparks Chamber of Commerce represents 2,300 plus members ranging in size from Tesla and Panasonic to smaller businesses that employ less than ten people ([Agenda Item VII B](#)). Our members employ over 110,000 community residents. It is

noteworthy that 74 percent of our members employ less than 100 individuals and 38 percent of those employ less than 25 full-time workers.

The subject of workforce is both alarming and complex as businesses, large and small, deal with the lack of workers, the departure of workers, and the continued pressure to raise wages, improve health benefits, and accommodate the growing leverage of employees. Our continued insistence on rampant growth, stimulated by large, advanced manufacturing and technology companies moving from elsewhere to northern Nevada has put a particular strain on small businesses that do not have sophisticated recruitment teams, marketing dollars, or time to do effective outreach for qualified personnel. These businesses that supply the goods and services we all rely upon have cut back on employees or reduced their operating hours due to staffing shortages. This is going on at the same time they have raised wages in order to retain employees and have raised their prices in order to afford both compensation increases and the impact of inflation.

But rather than focus on Nevada's worker shortage, we need to better understand the inextricable connection to other social factors that have impacted small business owners in our region. These include lack of accessible elder care and affordable childcare resources, few and reduced mass transit options for those reliant on public transportation, the lack of affordable workforce housing, and a general shift in employee expectations about the workplace. Workers continue to leave their jobs in extremely high numbers, especially those in low-wage industries where most work must be done onsite, such as leisure, food service, and retail. A record high number of workers have also quit in trade, transportation, and utilities at the start of 2022.

Yes, many small businesses received [CARES Act](#) (S.3548 of the 116th Congress) funding and survived closures. They abided by state mandates, conducted curbside commerce, and performed take-out and delivery only. Resilience, determination, and imagination enabled our members to survive the pandemic. And for the few small businesses we have seen close in Washoe County, we have seen double digit growth in Chamber membership each month as retirees, women, veterans, other minorities, and younger individuals strike out on their own and pursue the dream of opening a coffee bar, distillery, nail salon, or marketing firm.

I cannot sit before you and tell you there is a need for more funding or government support. What I will say is that Nevada needs to reckon with the rampant growth both in population, the demand for services, infrastructure and transportation improvements, and of course, workforce housing. We should hit the "pause" bottom, look at the infrastructure demands in cities designed for less than half the current population, and at the same time, require companies coming to Nevada to build workforce housing, much like was done in the 1940s and '50s by General Electric and Ford Motor Company in the East and Midwest. Had we asked for this in 2014 when Tesla arrived, followed by requirements for additional corporations at the Tahoe-Reno Industrial Center, we would not have 6,500 employees clogging interstate 80, 3 shifts each day, driving 60 miles round trip in single-occupied vehicles. Tax abatements and concessions granted at the state level have benefitted the larger companies, while there is no such incentive for those pursuing a smaller carbon footprint, fewer employees, and producing the goods and products we all need and purchase every single day in our communities.

Presently, there is an abundance of overlapping state agencies involved in workforce development and training, including the university and community college system, DETR, GOWINN, GOED, the Governor's Workforce Development Board, NDE, the State Department of Agriculture, Chambers of Commerce, Workforce Connections in Las Vegas, and Nevadaworks in Reno, along with a large number of nonprofit organizations throughout

Nevada funded by grants from the DOL. The width of services statewide is wide, the deliverables, quite elusive. Our Chamber recommends a comprehensive audit of the many agencies involved in workforce development efforts and a true accounting of the use of millions of dollars we have received over the past five years to develop individuals for careers, not just jobs. Who is enrolled in the statewide federally funded training programs, how many complete training or educational certifications, and what is the starting wage upon placement? Most importantly, are we meeting these individuals where they are in their lives, requiring literacy and computer skills, accessible training locations in their neighborhoods, and case management to ensure individuals are placed in jobs with progressive career opportunities that can fulfill middle class aspirations?

Nevada depends primarily on an economy fueled by the working class, and while we continue to lure larger companies competing for open land, water, and employees, we have overlooked the very basics of our underlying revenue—the leisure, hospitality, and tourism sector. We are seeing over \$1 billion per month in revenue from visitors, all of whom rely on competent front desk supervisors and managers, technology teams, chefs and culinary professionals, security personnel, licensed spa and salon employees, trained hoteliers, housekeeping supervisors, bartenders, transportation drivers, and more. In fact, we are completely dependent on these positions that can make or break our economy, along with every hotel, restaurant, spa, golf course, and stage show.

The Reno + Sparks Chamber of Commerce is not opposed to economic development, but that is not to be confused with rampant development that puts the very essence of our communities, our geography, our climate, and our quality of life, at risk.

No one seems to favor a state income tax, property tax reform, or an increase in the sales tax, but if we are to educate, train, and create careers for our residents, we need to confront the urge to entice companies here with the false promises of qualified personnel while recognizing the heavy lift already being performed by thousands of Nevadans in smaller businesses whom we all rely upon to maintain the vitality of our communities.

We ask that our small businesses—more than 90 percent of the businesses that exist in Nevada—are considered when drafting and approving legislation that might hinder or compromise smaller businesses' ability to thrive and expand. Please assume that our Chamber will oppose any proposed legislation that fails to take into consideration accessible and affordable eldercare and childcare, available workforce housing, and reliable transportation as these are significant predictors of the success of small businesses throughout our state.

We appreciate the Chair's request that The Reno + Sparks Chamber of Commerce be here today. Thank you for your time and consideration.

Chair Jauregui:

Thank you, Ms. Silver, and Mr. Clark, for your presentation. I am going to go to the Vice Chair first for questions. Then we will continue down here in southern Nevada and then we will move up north.

Vice Chair Spearman:

Good morning, Ms. Silver, and Mr. Clark. I appreciate you bringing on the eldercare piece because, as I said before, I am getting emails from people who are trying to care for their parents. I know that ARP dollars have some things that they can and cannot do, depending

on what bucket they are in. Are there any dollars that are coming down now, or in the future, that might offer an opportunity to work with local governments using Community Development Block Grant (CDBG) funds and being able to leverage that with what needs to happen for workforce development?

Ms. Silver:

Vice Chair Spearman, yes, I am aware of funding that could in fact be combined and help leverage the issue of both one end of childcare and the other end of eldercare. In fact, we are in conversations with the City of Reno, the City of Sparks, and Washoe County on how we can leverage those dollars to attend to those issues.

Vice Chair Spearman:

I know there is probably a greater opportunity here because of Nellis Air Force Base, but are there any collaborations with the military institutions in the north—maybe not directly in the Reno/Sparks area but in the surrounding rural areas—with the advancement of force reduction in the military or bringing the force levels down? With that advancement, many of the jobs have been turned over to civilians. Is there an opportunity to partner or collaborate with them in order to fill out those jobs? More importantly, when they go to work for the U.S. Department of Defense, they receive training and it is not at the employer's expense.

Ms. Silver:

Yes, we work collaboratively with the Nevada National Guard based in Reno and the Naval Air Station Fallon. We recognize that individuals coming out of the military are an important resource for workforce training. As mentioned before, they bring their skills, leadership, and business acumen to the workplace. We work collaboratively to ensure we are assisting those individuals and that they are directed to the appropriate resources, whether they be through DETR, the Chamber, or other organizations so they can be placed in viable opportunities in the workforce.

Vice Chair Spearman:

With respect to that, are there any programs that you might be using to collaborate with certain industries? Specifically, I am thinking about the mining or lithium industries, or jobs associated with those industries, to entice people to come to work in those areas. I am trying to see what resources we have available and what can be used to mitigate or eliminate worker shortages and what might help people become more financially secure.

Ms. Silver:

As mentioned by Ms. Sewald from the Vegas Chamber, The Reno + Sparks Chamber, in combination with some other agencies, also have applied for the economic development grant known as the [Good Jobs Challenge](#) grant. We specifically site mining as a great resource for employment with the average wage starting at \$60,000 per year. We are very interested and have partnered with the Nevada Mining Association to focus on jobs in the mining industry that not only come with a middle-class wage or annual compensation, but with benefits and on-site childcare. We are extremely hopeful that we get some, or all the money, we have requested so we can continue to train people for the expansion of mining, including perhaps lithium, and see those individuals have gainful employment particularly in the rural communities where mining exists as one of the only viable job sectors.

Chair Jauregui:

I have one question; it was something I flagged when you talked about small businesses having to scale back on outreach or recruiting efforts because they do not have the time. It sounds like one problem causing the same problem; they are short-staffed, which is causing them to not be able to recruit more staff and is keeping them short-staffed. Are there resources out there that small businesses can use? How can we help these small businesses with this issue?

Ms. Silver:

I do not think it is a question of money, grants, or funding of any kind. You are looking at a Bermuda Triangle of issues going on right now. You have individuals who want to work, but childcare is more expensive than the money they might bring in from a job so there is no return on investment in them returning to work. You are looking at small business owners who are directly cutting the lettuce and making the sandwiches or serving the drinks and they do not have internal HR professionals who can help them do outreach.

The Chamber has hosted three large job fairs at the [Reno-Sparks Convention and Visitors Authority](#) that was very helpful to our small members, which make up such a significant portion of our membership. We were able to open it up, free of charge, to any and all members and other small businesses, even if they were not members of our Chamber. We had over 1,000 people show up. We thought that was miraculous that simply by offering a free job fair, there were over 1,000 people who came and over 400 people were offered jobs on one single day. We know that people are out there. Basing it at the convention center allowed it to be accessible on a bus route. We also provided childcare services for those folks who arrived with young children, understanding that childcare was one of the key issues that many of them have in even looking for job, much less maintaining a job.

We are in the thick of a national workforce shortage; certainly we are seeing more jobs that need to be filled in Nevada than we have people. We struggle with the continued influx of population brought in for advanced manufacturing and other noteworthy jobs. At the same time, small businesses are competing for those individuals and can very often offer a much more focused quality of life—you might be able to walk to work, ride your bike to work, have more accommodation from your employer, find nearby childcare where you can drop your child off.

To answer your question, the Chamber is doing everything it can to align its members with all the various resources, whether it is through Job Connect—we are right across the street from them—through DETR, or through our own resources such as our web page that has job availabilities posted by our members. We will stay all day and night if we need to help people find jobs and very often people just drop by the Chamber. I kiddingly say that most people do not know what the Economic Development Authority of Western Nevada (EDAWN) or the Reno-Sparks Convention and Visitors Authority (RSCVA) is, but everybody knows what a Chamber of Commerce is, so we get hundreds of calls a day with people who are looking for work, looking for resources, looking for childcare, looking for affordable housing. Much like Ms. Sewald said, the chambers withstood the pandemic, we were open every single day and we produced a briefing every single day that advised our members how to apply for loans, how to get personal protective equipment, what to do. We did not miss a beat throughout the pandemic. I am not here representing all chambers, but much like my colleague, I can commend the 30 chambers in Nevada for doing what they could to assist every single one of their members, which more than likely was a small member in need of advice, education, and information.

Chair Jauregui:

I am going to bring it back to the Vice Chair for a question.

Vice Chair Spearman:

One of the pieces of legislation we passed last session was, 50 percent by 30, with respect to our renewable energy portfolio standard. There appears to be some opportunities, especially in the north, with respect to geothermal. I know that Dr. Faulds, Director and State Geologist Professor, Nevada Bureau of Mines and Geology, Mackay School of Earth, Sciences, and Engineering, University of Nevada, Reno (UNR), is a genius at that. Have you looked at partnering with some of the academicians on trying to locate where that is and how it can be expanded because geothermal is a magnet for advanced manufacturing? How we might be able to further diversify the economy because energy is currency? How might we be able to look at the total energy ecosystem and collaborate with the institutions to make sure that it is all coming together, and we are leveraging every resource to get people back to work?

Ms. Silver:

Yes, The Reno + Sparks Chamber is partnered with UNR and the Desert Research Institute. In our Good Jobs Challenge grant, we highlighted solar, wind, and geothermal jobs as tremendous prospects for the average individual looking for a job. You do not have to be an engineer and you do not have to have completed college to find a very outstanding job in the clean energy/renewable energy field that is right in our backyard. Certainly, we are looking at that and we serve on several committees. For instance, I am on the governor's multimodal transportation committee, the City of Reno's multimodal transportation committee, and I served on the governor's energy taskforce. We are very focused on the jobs that are occurring right now and will occur in our future regarding wind, solar, and all the clean energy jobs whether it is in public transportation such as operating an electric bus. We know that the country needs 700,000 truck drivers, we would like to see them driving electric trucks.

We were very much focused on the collaboration and the kind of communication we can provide to ensure that those jobs are out there for people, that they have access to them, that they do not feel intimidated by those jobs, and they are not intimidated by the lack of higher education as a prospect to enter those fields. That is very much on our radar and thank you for raising that question.

Chair Jauregui:

Seeing no further questions, I just want to thank you for your presentation and for being here with us in person today this morning.

Mr. Clark:

Thank you, Madam Chair. I appreciate being in person as well, it is quite nice to see everybody smiling faces. I was brought onto the chamber team in February, and I offer myself as a resource as you move forward and develop your BDRs. It is interesting that agenda actually says, "what do we need" for a lobbyist those are words of gold. Right now, what we need is further collaboration, working with this Committee, and working with the other chambers. Let us solve these problems that we have on workforce. Thank you, Madam Chair.

Chair Jauregui:

Thank you, Mr. Clark. That was one of my goals with this interim committee was making sure everyone knew who the stakeholders in every industry were and getting information on the needs of every industry, thank you.

AGENDA ITEM VIII—OVERVIEW OF THE DIVISION OF FINANCIAL INSTITUTIONS, DEPARTMENT OF BUSINESS AND INDUSTRY

Chair Jauregui:

Members, Agenda Item VIII is an overview of the Division of Financial Institutions, also known as the FID, from B&I. As you recall, Senator Lange suggested the Committee hear more about banking this interim. We have invited Director Terry Reynolds from B&I and Sandy O'Laughlin, the Commissioner of FID at B&I to provide an overview of the Division to the Committee. Among its duties, the Division licenses and supervises depository, fiduciary, and nondepository financial intuitions. Mr. Reynolds and Ms. O'Laughlin, when you are ready, please begin.

Sandy O'Laughlin, Commissioner, FID, B&I:

Good morning, Chair Jauregui, Vice Chair Spearman, and Committee Members. Thank you for the opportunity to present a brief overview of the Financial Institutions Division ([Agenda Item VIII](#)). With me to assist in answering the questions you may have, is Michael Smith, the Depository Institutions Managing Examiner.

The FID is a division within B&I. We license, regulate, and annually examine over 1,400 financial institutions, and license, without examination, approximately 1,000 individuals. This makes our division responsible for over 2,400 licensees under 13 statutes with a full-time team of 41 employees. Thirty-four of our employees, around 83 percent, are focused solely on examinations.

Our licensee types are broken down by depository, fiduciary, and nondepository institutions. Depository examinations are conducted jointly, when possible, with examiners from the [Federal Deposit Insurance Corporation](#) (FDIC) and the [Federal Reserve](#) for bank examinations and the [National Credit Union Administration](#) or [American Share Insurance](#) for credit union examinations. The Division is currently short-staffed by eight examiners. We actively recruit qualified candidates for those vacant positions; however, we continue to have difficulty in filling these positions.

We are a self-funded agency and generate revenue from our examinations conducted and billed on an hourly rate at least annually, more often, if the prior examination is rated as a "needs improvement" or as "unsatisfactory." We also generate revenue from licensing activity fees and depository assessments paid by our state banks and state credit unions for their examinations, supervision, and oversight, based on the institution's asset size. One of the most important aspects of the FID is to maintain the integrity of the financial institutions system on behalf of the State of Nevada.

Besides examinations, the Division is responsible for processing and responding to written consumer complaints to ensure each complaint is addressed timely by the licensee. If needed, we ask for clarification from the respondents including supporting documentation as well as investigate possible violations within the state law. The Division finds and alerts businesses to possible unlicensed activity based on current statutes. We license and regulate in a fair and impartial manner. The FID is available to discuss and listen to business

entities interested in starting a business or moving their business to Nevada. When asked, the FID is always willing to work with stakeholders on new legislation. We welcome all new laws and write regulations when necessary, following the rulemaking process to assist our industries. The FID partners with federal agencies and national organizations to ensure that we have the most current information and guidance available to us, whether it is for geopolitical, regulatory, or national risk concerns.

As indicated on this slide, there are our current license types and the associated number of licensees. The FID conducts examinations on the majority of our licensees annually for compliance with state and federal laws and regulations and for safety and soundness. However, due to the rating of the examination, complexity, and size of an institution, we may conduct follow-up examinations throughout the year.

We accomplish our examinations with only 34 examiners when fully staffed; at the present time, the actual count is 26 examiners. Many of our examiners require certification, continuing education for recertification, and testing.

Most notable changes are to our fast-growing retail trust companies taking advantage of the quickly growing cryptocurrency space. This brings new challenges to the Division, not only for understanding intricate business plans, but also in understanding the complexity and risk in the licensing and examination process.

Recently, we have grown in money transmitter applications; this is mainly due to the advancement of virtual currency. This increases the risk, the complexity, and the time the FID spends on the examinations. The Division tries to join other state examiners around the country in examining money transmitters so more focused, detailed, and risk-based examinations can be conducted. The FID is considering adopting and implementing the Conference of State Bank Supervisor's model law into the Nevada law in the future.

Thank you for your time and we are happy to answer any questions.

Chair Jauregui:

Before I turn this over to Senator Lange, who I know will have questions for you since this was the presentation she requested, I am going to jump in and ask some questions, which will probably help me to understand Senator Lange's questions.

You mentioned there are about 1,400 financial institutions and 1,000 individual qualified managers. What would be an example of an individual qualified manager?

Ms. O'Laughlin:

That would be for our debt collectors; they are required to have a qualified manager on site.

Chair Jauregui:

There are multiple branches but only eight licensed banks and eight licensed credit unions?

Ms. O'Laughlin:

For state licenses, we have eight licensed banks—one savings and loan and four thrifts.

Chair Jauregui:

These are state licenses?

Ms. O’Laughlin:

State licenses and state credit unions.

Chair Jauregui:

For the fiduciary institutions, there are 26 retail trusts. Could you give me an example of a retail trust company? Are they required to have brick and mortar buildings or just a license?

Michael Smith, Depository Institutions Managing Examiner, FID, B&I:

A retail trust is more your traditional trust company. They handle things like wills, trusts, administering your trust, revocable/irrevocable trust documents, and they offer many other services. The family trust companies are dedicated more to one wealthy family, which administers their investments inhouse, so they do not offer anything to the public.

Chair Jauregui:

That was the extent of my questions. I am going to go first to Senator Lange.

Senator Lange:

In the last legislative session, we had a group that wanted to bring some of their business here for individual retirement accounts (IRAs). We found that our state law did not allow that to happen, and we changed that state law. It got me looking at banking, and we have not made changes to our banking regulations in a long time. I appreciate Chair Jauregui for bringing this to the Committee. For the last six months, I have been meeting with quite a few groups about some of the changes we need here in Nevada.

I am going to ask you a couple questions that we have probably already discussed, but I would like to have them on the record. How many new banks have come to Nevada recently?

Ms. O’Laughlin:

I had a feeling this question would be asked. In my tenure, which has only been two years, we had one new De Novo Bank and we had one application for an industrial loan company—that did not go through—that was 2019, I believe. That is all we have for new.

Senator Lange:

It seems like we should have more people who would want to come here; there is a lot of opportunity. Why would you say that we have had only one person in two years?

Ms. O’Laughlin:

I agree Nevada is a great place to be. I think everybody should want to bank here; I bank here. It is hard to say if there is just one reason. For the banks, we do not do that alone; we share that with the FDIC. If we say we can have a bank and the FDIC says we cannot have a bank, we will not have a bank. We work together and we partner with them. We encourage people to give us their applications first, so we can go through them and make sure what they really need is in there; it is very intricate. There is a lot to starting a bank or even a credit union. If they give us a chance to go through it first, we can help them along the way. But truly, the insurer is going to make that final decision.

Senator Lange:

When I first moved to Nevada many years ago, we had a lot of community banks. I have noticed as time has gone on, the community banks, which were primarily in the brown and black neighborhoods, have gone away. Do you have an idea why that is happening? Do you have much interest in community banks? What are the barriers that have stopped us from having community banks?

Ms. O’Laughlin:

After the 2008–2009 crisis, a lot more was put in place to validate what banks were going to be doing. Not that it was ever easy to start a bank, but it is a little more difficult now. They go more on the management structure and years of experience. There are not as many bankers out there that want to go through that. To start they can take a job at another place. It takes a group of people who really want to start something in Nevada.

I looked up the statistic before I came up here. In 2020, the FDIC only had 15 De Novo Banks open in the whole country. In 2019, they had 9; in 2018, they had 15. I looked back and, I believe in 2008 or 2009, we had 22 or 23 banks, and now we are down to 8. The crisis really put a strain on people who really want to start a bank. That is my personal opinion.

Senator Lange:

Do you think not having community banks in those neighborhoods is a barrier to people and they become unbanked?

Ms. O’Laughlin:

Yes, I do. I think it is a misnomer. The same thing with our credit unions; they are more consumer-driven. We have not had a new credit union, I think, in 20 years. Our credit unions are good about opening branches though in the areas in which they serve, so that is a good thing.

Senator Lange:

If I could move to a topic that maybe some people on this panel would know about—the opportunity funds. The opportunity funds were appropriated by the Legislature, I believe, for minority- and women-owned businesses to be able to access money. During the recession, that money went away, but there has always been a promise of replenishment. I think it is important that we help those communities. Is there any conversation from your Department about replenishing those funds and restarting the opportunity loans available to women- and minority-owned businesses?

Ms. O’Laughlin:

That would likely be coming from the director’s office. Director Reynolds has so many divisions underneath him; if they are working on something like that, I am not aware of it. I am sure if there is something, he is working with one of the other divisions.

Chair Jauregui:

Thank you, Senator. If we see the director, we will give him an opportunity to answer that question. Do we have any other questions? Vice Chair.

Vice Chair Spearman:

Last Session, [Senate Bill 145](#) dealt with the [Community Reinvestment Act](#) (CRA) of 1977. There was supposed to be training conducted with 501(c)(3)s and other organizations as to how they might be able work with banks on their CRA items. Has that begun? And if so, what does the training consist of? And if not, do you have a start date?

Also, how many 501(c)(3) organizations have you reached out to? I think some of that may help with what Senator Lange was discussing. Can you go over where we are with SB 145?

Ms. O'Laughlin:

The start date for SB 145 was October 1, 2021. There really was not sufficient time for banks to do training by the time we had to do our first reporting, which was in January or February 2022; it is every other year. We do not have much on the training, and we did not expect to have much on the training because it was the last two months of the year. We did have the reporting and we did submit that to the Committee.

Vice Chair Spearman:

It was my understanding when we worked on the bill, that the training would not be accomplished but at least some plans would be in place. The second piece was making sure there was outreach to the community- and faith-based organizations so they understood the opportunities to work with banks on the CRA, because that applies to their rating from the FDIC. The last part would be posting something on your website about this becoming available or if there is a CRA rating.

Ms. O'Laughlin:

We do post the ratings on our website. I do not think it is required that we post the trainings, just the ratings. We have posted those on the website, and it shows how they were rated.

Vice Chair Spearman:

I was not speaking about the training, per se, on the website. I just want people to understand about CRA and know that it is coming. Do you have an outreach plan to community- and faith-based organizations to tell them about this, such as email or word of mouth? A lot of times some of the best places to do that are in religious institutions because people go there for their information.

Ms. O'Laughlin:

I believe the banks themselves were reaching out to those organizations to provide the required training. There was a little confusion on what exactly the training should be. It is on CRA, which is a little difficult process to understand even for bankers, never mind consumers. We were relying on the institutions themselves to reach out to those communities.

Chair Jauregui:

Thank you, Ms. O'Laughlin. We appreciate you being here with us this morning and send our regards to Director Reynolds.

AGENDA ITEM IX—PRESENTATION ON FINANCIAL LITERACY REFORMS AND SAFEGUARDS FOR NEVADA’S SENIOR CITIZENS

Chair Jauregui:

Members, our next agenda item is [Agenda Item IX](#), a presentation on financial literacy reforms and safeguards for Nevada’s senior citizens. We have president and CEO of the Nevada Bankers Association, Phyllis Gurgevich, here with us this morning. Good morning, Ms. Gurgevich; the floor is yours when you are ready.

Phyllis Gurgevich, President and CEO, Nevada Bankers Association:

Thank you, Chair, for having me. Thank you, Senator Lange; I appreciate you pulling this attention onto the banking industry. The topic I get to speak on is financial literacy as well as some reforms and safeguards for Nevada’s senior citizens ([Agenda Item IX](#)).

I wanted to start with a quick look at financial literacy in general in Nevada. Nevada has really demonstrated its dedication to financial literacy for the folks living here. One indication of that dedication is our students in the Nevada school system will receive financial literacy training throughout their school years, beginning in grade 3. That is thanks to the championing of Senator Joyce Woodhouse, the support of many of you, and many of our legislators.

Additionally, beyond the education years, Nevada developed the State Financial Literacy Advisory Council. The Council works to make sure that teachers have the resources they need for implementing those education requirements and they do not stop there, they have dedicated themselves to finding education resources for Nevadans of all ages. Financial literacy is something that stays with you, and you keep learning throughout your life. In high school, you may be concerned about paying for higher education or entering into independent living and purchasing an automobile. Then, you move on to purchasing a house. Each of these steps take a bit of financial savvy.

As we work as a state to educate our folks, we also want to be cognizant about protecting both our money and our personal identity. That is an important aspect of financial literacy—that role of fraud awareness and protection.

We are going to zoom in today on the elderly population. When it comes to fraud and exploitation, our elder population is at the greatest risk. There are a couple of reasons for this. Characteristically the aging population is more polite, trusting, and respectful of authority. Additionally, not to be too punny, they are a rich target. The elderly has often acquired financial resources such as homes or savings, and they have good credit, so their personally identifiable information is valuable to fraudsters. When an elderly person reports to authorities that they have been exploited or a victim of fraud, there is a tougher time getting good details in order to investigate. There is also a hesitancy to report, fear from the elderly person about how their family members will react. Sometimes folks are unaware they have been a victim until it is far too late.

The elder population is a growing target; we have a larger number of elderly folks each year. Our criminals and fraudsters use both fraud and exploitation to take advantage and financially harm these folks. Fraud being the tricksters, the scammers, or the callers who trick you into giving your valuables away. Exploitation being the illegal taking—typically done by a family member, new friend, stranger, or even companies that are not legitimate and take advantage.

Our financial institutions work with their elderly customers; they come into the branches, and they know their tellers. We have been able to work with other stakeholders and identify some of the red flags. A teller may see a customer come in with a new friend who has never come into the branch with them before, or there may be an unusually large amount of money being wired when this customer has never conducted a wire transfer before. We keep a list and do training so folks in the industry are aware of those red flags, and more importantly, what to do when they see a red flag.

Financial institutions in Nevada have a reporting duty. In 2007, Nevada passed [AB 87](#), which has a couple of requirements relating to those red flags and what to do when you see a red flag. It requires the reporting of suspected exploitation to an agency. They are reported to either ADSD, the police or sheriff, or to protective services—if they are available in that county. In addition to reporting, the institutions have an obligation to train all their employees that might come in contact or approve transactions for vulnerable populations. They also identify a lead person or employee or team of employees to take these claims and work with law enforcement and the authorities.

While our financial institutions and bank employees are grateful to be helping to protect the elderly, oftentimes we find it might be too late. It can prevent further transactions and exploitation by making these reports and having the authorities investigate, but if there was a large wire or withdrawal of cash, a lot of times there is no ability to claw that back. Law enforcement cannot find out who those funds went to, and we are stuck. The person who has been victimized may be protected for future transactions, but there is a loss experienced.

When Senator Lange started talking to us about what could be done, we started thinking about transaction holds. In our research, we found there are 38 states that allow broker dealers and investment advisers to put a transaction hold if they suspect it is an exploitive or fraudulent transaction. Additionally, in recent years, 12 states have either already or are in the process of allowing retail banking institutions to have that transaction hold as well. It would be an opportunity to put a pause on a suspicious transaction, rather than processing the transaction and reporting it. The pause would let the authorities conduct an investigation and then decide if that transaction should move forward, or the authority could be granted an additional hold period.

The key provisions are different from state to state. The initial transaction hold by the financial institution varies between 5 and 10 days and then, the additional hold varies between 15 and 20 more days. The key provisions are pretty much the same: we have the reporting that would remain intact; we have the designation of lead teams at the financial institution; we have the training; and we have the protection, so those making these reports do not face civil or criminal prosecution. It looks like we would have an opportunity to discuss adding that transaction hold in certain circumstances. I am happy to answer any questions the group might have.

Chair Jauregui:

I am going to start with questions from the Committee members. Senator Lange, please go ahead.

Senator Lange:

Thank you so much for being here and I really appreciate your commitment to helping make this better in Nevada. Are your training materials for financial literacy bilingual?

Ms. Gurgevich:

The banks that provide financial literacy and sources do have multilanguage resources available; it varies by institution and financial literacy agencies. We have a lot of financial literacy agencies in our state, such as Junior Achievement, and they all provide a variety of financial literacy training resources in multiple languages.

Senator Lange:

You mentioned K–12, but do you have partnerships with higher education to do financial literacy training for them as well?

Ms. Gurgevich:

That is a great question. Our banking association does not currently. The relationships we do have with higher education are for workforce development and adding layers of banking programs so that folks who are interested can get into banking as a career. That is a great point.

Chair Jauregui:

It does not look like we have any other questions. I know this is an area of interest for Senator Lange, but it may be an opportunity for a Committee bill as well, looking at what the ten other states have done with transaction holds. The timing could not be more perfect. I was out to lunch with a friend who got a call from his mother-in-law who has been diagnosed with early onset Alzheimer's and dementia. She received a call from somebody saying they were collecting donations for a police department. She gave her credit card and bank information and then immediately got a call from her banking institution asking if she had made a \$1,000 purchase at Apple and a \$1,000 purchase at Walmart. I think that having the transaction holds could protect some of our most vulnerable populations.

Thank you, I appreciate you being here, Ms. Gurgevich. I do have a comment from our Vice Chair.

Vice Chair Spearman:

My question would be about financial literacy classes after COVID-19 as people are getting back into the workplace. I received an email from someone who was probably in his late 30s or early 40s; he had a question about finances but did not have the same level of information for financial literacy. Are you looking at anything in terms of financial literacy after COVID-19? A lot of people were probably not prepared before COVID-19, but now they want to be prepared when the next pandemic hits.

Ms. Gurgevich:

That is a great perspective. I do know the State Financial Literacy Advisory Council is looking at those adult populations, and that is a great recommendation.

Chair Jauregui:

Thank you, Ms. Gurgevich.

AGENDA ITEM X—PRESENTATION ON COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS AND THE COMMUNITY UNBANKED IN NEVADA

Chair Jauregui:

Committee members, our next agenda item is [Agenda Item X](#), a presentation on community development financial institutions (CDFI) and the community unbanked in Nevada. We have Executive Director Nic Steele with us for the presentation. Mr. Steele, when you are ready.

Nic Steele, Executive Director, Access CDFI:

Thank you, Madam Chair, Vice Chair, Senator Lange, and Committee members. I appreciate the opportunity to have this important discussion regarding the unbanked households in our state and how we can collectively offer solutions to reduce their use of alternative and often high-cost services. The presentation today covers three main areas ([Agenda Item X](#)). We will start with a brief overview to provide some context and background on the subject. Then we will move into some potential solutions. I will end with how key stakeholders in the financial services industry and broader community can benefit from taking action.

Who are the unbanked? People who do not use mainstream financial services, such as checking or savings accounts, and primarily conduct transactions in cash when using alternative financial services (AFS), like payday lending or check cashing, are considered unbanked. For the purposes of our discussion, we want to understand the differences between “unbanked” and “underbanked.” However, in spite of distinct differences between the two groups, they are often identified and treated the same, as we shall do here.

The term “underbanked” means the household had a checking or savings account with an FDIC-insured institution, but regularly used an AFS. The underbanked households represent a larger piece of the pie than unbanked. In fact, nearly 20 percent of all Americans are underbanked. In 2019, the FDIC conducted a survey of household use and financial services and found Nevada to have the highest use of nonbank credit at 10.7 percent of households. Many estimates suggest the percent of unbanked and underbanked to be around 30 percent.

Many of these services are used by lower- and moderate-income workers because they offer advantages that traditional banking institutions do not. Examples include payday loans, money transfers, refund anticipation loans, and nonbank check cashing. Money orders are the most frequently used AFS.

Payday loans are small, short-term loans offered to individuals who can prove an employment history. These loans are quick and easy to get. They are often used to pay outstanding utility bills and other ordinary living expenses such as rent and groceries. Payday loans are usually offered with a very high interest rate, which can lead to long-term debt for borrowers.

Being “banked” is not just an adjective; it is, in fact, a critical component of financial stability. Having and using a basic bank account both facilitates critical everyday transactions, and at the same time, provides a core foundation for other financial services. Transactionally, a bank or credit union account enables people to deposit earnings quickly and securely, pay bills easily, make everyday purchases safely, and save for the future—all at lower cost than alternative financial services, such as check cashers and payday lenders.

It is understandable to ask the question why people are and remain unbanked. If using alternative financial services or cash is more expensive and less safe, why would someone

opt to remain without an FDIC-insured account at a reputable financial service provider? There has been research conducted to build a more complete understanding of the financial attitudes and goals of unbanked people and to explore the most effective messaging that could drive the adoption of more mainstream account services. In addition, this research can provide insight useful to financial institutions, financial counselors, and other stakeholders to convince people of the benefits of banking. The research revealed a number of important findings that contradict persistent myths about banking access. To highlight some of the false conclusions being made, let us dig deeper with a game of fact versus myth.

The best way to convince unbanked people about the importance of a bank account is to emphasize how it will help them achieve important life goals like homeownership or owning a business. Is this fact or is this a myth? It is a myth. In reality, those who are unbanked respond far more favorably to ways in which a bank account can help them where they currently are, to establish a strong financial foundation, than they do to long-term, aspirational goals related to banking access. These short-term goals specifically include building savings, decreasing debt, and building an emergency fund.

Here is another one. Those who are unbanked are more likely to be successfully engaged through technology solutions like banking applications. Is this fact or is this a myth? Again, this is a myth. In reality, specific, tangible features related to securing their money is found to be the most important to unbanked people.

In surveys and focus groups, respondents were asked about their financial goals and how they related to having a bank account. Generally, respondents agreed that aspirational, long-term goals—like owning a home or starting a business—were important, but rated short-term, immediate goals like improving credit, getting out of debt, and creating an emergency fund as more compelling. Overall, respondents indicated that it was important to establish solid financial footholds and take care of basic financial needs first, before thinking about the longer term. Across both English and Spanish speakers, respondents highlighted characteristics like fraud protection, no overdraft fees, no minimum balance fees, and the ability to lock a stolen debit card as the most important benefits. Unbanked people wanted to feel secure that once their money is in an account, it will stay there. In addition, respondents cited access to a debit card and the ability to automatically deposit a paycheck through direct deposit as important benefits. Also notable, are the least compelling benefits of having a bank account according to focus groups of unbanked persons.

Now we have identified the important products and services communicated by the market we are hoping to engage, and we have identified how this community wants and responds to possible engagement and messaging. But this really does not address the core issue of why people remain unbanked. The same research went a step further and asked individuals why they did not have a bank account. Survey respondents cited “not enough money to keep in an account, high fees, and lack of trust about banks” as reasons for not having an account. Most of those who had a bank account in the past, but had closed it, cited fees like overdraft and minimum balance, or loss of direct deposit from a job as the top reasons for closing the account. Focus group participants said that bank accounts could be helpful if they had enough money in the future but did not see how an account could help them in their current financial situations. Across both English- and Spanish-speaking audiences, and despite complicated perceptions about banks, research found that over two-thirds of those surveyed were open to changing their minds about banks through messaging; this was especially true for people who had previously had, and then closed, a bank account.

Now we have peeled back some of the underlying reasons why people are and will remain unbanked. As a society, we know that having a large percentage of unbanked in our

community acts as a drag on the economy in a number of ways. One way is by hastening the reduction of disposable income for those without much of a cushion. In other words, without the exorbitant fees associated with alternative financial services, that same disposable income could circulate in our economy supporting small businesses, job creation, educational aspirations, and household investments. The biggest reason for remaining unbanked may stem, at least in part, from concerns about the fees associated with bank accounts. However, the costs of remaining unbanked generally outweigh the cost of bank fees. But the fees associated with alternative financial products are often on display, even if they are not completely clear.

For instance, when you walk into a check cashing store, a board with transaction fees is displayed above the window. Similar to prices at a gas station, people can see what they are buying. Similarly, getting a money order at a grocery store or other retail establishment has a clear cost that is posted. Compare this with bank fees. While the information on monthly maintenance fees, overdraft fees, minimum balances, and ATM fees are available online—which assumes the potential customer has good internet access—every bank website places this information in a different spot, making it more difficult to determine what to expect from any specific institution or account. Alternatively, potential customers can ask at a bank branch for a brochure outlining the specifics of an account, but they will likely have to read through some fine print to determine the fee structure. For individuals who worry they do not have enough money to make a bank worthwhile, and for those who are distrustful of banks, the differences between the clearly posted—but incomplete—fees at alternative financial services providers and the difficult-to-find fees at banks make the choice an easy one. Go for the alternative financial service, so you know what you are getting into.

Couple the disparity in pricing transparency with the structural barriers to opening an account at a mainstream bank and the issue compounds. For example, in areas known as “bank deserts,” with few to no bank branches, accessing services in person means people must travel out of their neighborhoods, which is costly and time-consuming. Additionally, bank hours can make it hard for people who work long days or have multiple jobs to find time for a visit. Contrast this with check cashers and gas stations that seem to be open on every corner in some communities. Services are instant, easy, and always available. In addition, check cashers, who know their customers personally, may be able to exercise more discretion than bank tellers. For those who cannot wait for a check to clear before accessing their funds or understand the terms of a bank account, it is not hard to understand why financial management via AFS products is more immediate and appealing. Better-tailored banking products could reduce the fees and other barriers that keep these communities away from banks and pave the way to wealth creation. Understanding both the perceived and real challenges banking presents to households with low and volatile income could help financial institutions meet their needs.

What can we do? The ecosystem of financial institutions in Nevada is strong. Led by Phyllis Gurgevich, President of the Nevada Bankers Association, several financial institutions have joined the [Bank On](#) coalition. Institutions offering Bank On certified accounts offer benefits such as: no account minimums; no overdraft options; no nonsufficient fund fees; and monthly fees less than \$10 are waived with direct deposit. These efforts can be supported by the Legislature to further promote the benefits of the Bank On products. It is one thing for banks to offer products that benefit consumers, but it is another thing to find ways to reach the target market in a manner in which is receptive to the intended audience.

As another way to understand how to best convince unbanked people about the benefits of banking in research recently conducted, respondents were shown one of two versions of an image that illustrated the Bank On features. Respondents were then asked to evaluate each feature across its appeal, how it affected their intent to learn more, and how it affected their

considerations to open a bank account. This is important because often messaging is marketed without understanding how that messaging is being interpreted, and this research gives us some insight into how the unbanked perceive the potential outreach efforts. Across both images, “no surprise fees” was highest rated and performed much better than “low cost.” Fear of fees, especially overdraft fees, is a critical barrier to account opening; therefore, respondents preferred messages that countered this fear directly. Here is an example of marketing an ad utilizing the features valued by the unbanked consumer. Understanding that unbanked consumers prefer messages that directly countered their fear of fees, this ad explicitly highlights No Overdraft Fees. Period. Through fraud that drained account balances or through unpredictable overdraft fees, losing control of their money represents a critical barrier to unbanked people’s desire to open a bank account.

While much of the work in the banking access field has focused on specific financial products or the mechanisms to connect unbanked people to them at scale, there has been little research to date about how actually to make the case to unbanked people about the value of a bank account. Some research has found that while unbanked people have complicated, and often negative, attitudes towards banks, compelling messages can indeed move them towards more favorable attitudes and increase their motivation to open a bank account. Specifically, messages about tools for easy banking, how bank accounts can help maintain control over money, and how bank accounts can help achieve short-term financial goals were the most compelling to unbanked people.

Now we know what the issue is, what is important, and how to communicate to the community we are looking to reach. The next step is mapping out the actionable steps that can be taken to address the issue. What these insights suggest is that with a targeted approach, financial institutions could design new products and services or utilize existing Bank On standards, along with more effective distribution models that would enable them to reach families who are being poorly served or not served at all. The solution does not just rest on banks. A more effective approach involves the entire ecosystem.

Here is an outline of an action plan that could be used to address this issue being discussed. The Nevada Bankers Association can select two to four banks, with coverage across the state, overlapping with the most unbanked areas of the state. These banks would offer Bank On certified accounts. These banks would also commit to marketing Bank On products in the areas in which the unbanked reside. Marketing would be in grocery stores and on the radio. Exploring alternative distribution channels could make banking products and services easier to use. This might mean forming partnerships with retailers, restaurants, or public transit companies. The Nevada Bankers Association would also develop an all-encompassing, yet enriching, website describing the benefits of Bank On accounts with clear products, pricing, and links to open an account.

The state government agencies could identify employees presently using check cashing services for payroll and utilize already existing databases within payroll departments to encourage conversion of employees using AFS to Bank On accounts. The state can market Bank On features in public venues and locations such as parks, libraries, and post offices.

In addition to mirroring some of the initiatives proposed at the state level, local municipalities can help stem the continuation of unbanked from one generation to the next. Cities and counties can embed financial empowerment into summer youth employment programs. They can leverage the infrastructure of those programs to offer banking access and other financial empowerment opportunities, effectively transforming a summer job into an on-ramp to the financial mainstream. Community organizations can do something similar working with summer youth employment programs.

To reiterate, local governments can mirror some of the initiatives proposed at the state level by incorporating some financial empowerment programs into the summer youth employment programs. They can leverage in structure of summer youth employment programs by offering banking access and other financial empowerment opportunities.

Large employers can also identify employees presently using check cashing services for payroll and utilize payroll departments to encourage conversion of employees using AFS to Bank On accounts. They too should be encouraged to convert payroll processing from issuing checks to direct deposit. The savings would flow directly to their bottom line, while helping their employees regain their financial foothold.

Lastly, but integrally, CDFIs, such as Access Community Capital, can assist in coordinating the communication and implementation of the program goals across the various stakeholders. We can facilitate the reporting and record keeping to assess the success of the program. Further, our involvement can act as the voice of the target market, addressing concerns throughout the process and identifying necessary pivots in strategy.

This concludes today's presentation on the community of unbanked in Nevada. I am open to any questions, you may have. Thank you very much.

Chair Jauregui:

Thank you, Mr. Steele. I am going to turn to the committee members first to see if they have any questions. Senator Lange.

Senator Lange:

Thank you for this presentation, Mr. Steele. I know someone on this program, someone who was young, made lots of mistakes, and never thought he would be able to bank again. To have the opportunity to bank again was instrumental and made him feel successful. I really like this, and I will talk to you more about it. I look forward to helping this move on.

Chair Jauregui:

Thank you, Senator. Vice Chair, questions?

Vice Chair Spearman:

We have talked a lot about workforce development and emerging industries. There is a piece here about employers; have you looked ahead to see how you might be able to work or partner with organizations—such as DETR or the Chambers that presented today? As more people began to enter or reenter the workforce, this could be an opportunity to assess their needs and predict a future trajectory based upon salaries. It also could be an opportunity to partner with those who represent the banking industry to work through the CRA goals.

Mr. Steele:

As always, I think you make some excellent points. As a state, we are attracting more and more employers and companies. It is important to think about how that relationship filters down to the rest of the community but do so at the beginning of those conversations. There were some interesting points during the conversations today about how to work with employers without giving away the vote. We can bring large employers to the state but still outline some requirements that would also benefit those employers, but more importantly, not leave behind the individuals and communities in the state who would be consumers.

Chair Jauregui:

Committee members? Seeing no questions up north, Mr. Steele, thank you so much for being here with us. This is an important topic, something near and dear to my heart. I worked at a financial guidance center where one of the things we did was work with the unbanked population and help them get on a good financial road. I appreciate you being here for the work that you do.

AGENDA ITEM XI—PUBLIC COMMENT

Committee members, our next agenda item is public comment. As a reminder, we ask that public comment be kept to three minutes so everyone interested in speaking can have time to speak. I am going to start with public comment for those here in person in Las Vegas, we will move to Carson City, and then we will take public comment over the phone. Is there anyone here in Las Vegas wishing to give public comment? Seeing none. Is there anyone in Carson City wishing to give public comment? Seeing none. BPS do we have anyone on the telephone line wishing to give public comment?

BPS:

Chair, there are no callers for public comment at this time.

Chair Jauregui:

Thank you, BPS. Any comments from our members? Seeing none. Our next meeting is scheduled for May 3, 2022, beginning at 9:00 a.m.

AGENDA ITEM XII—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:23 p.m.

Respectfully submitted,

Crystal Rowe
Research Policy Assistant

Marjorie Paslov Thomas
Senior Principal Policy Analyst

APPROVED BY:

Assemblywoman Sandra Jauregui, Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item IV	Elisa P. Cafferata, Director, Department of Employment, Training and Rehabilitation (DETR), and David Schmidt, Chief Economist, Research and Analysis Bureau, DETR	PowerPoint Presentation
Agenda Item V	Elisa P. Cafferata, Director, DETR	PowerPoint Presentation
Agenda Item VI	Elisa P. Cafferata, Director, DETR	PowerPoint Presentation
Agenda Item VII A	Mary Beth Sewald, President and Chief Executive Officer (CEO), Vegas Chamber	PowerPoint Presentation
Agenda Item VII B	Ann Silver, CEO, The Reno + Sparks Chamber of Commerce	PowerPoint Presentation
Agenda Item VIII	Sandy O’Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry	PowerPoint Presentation
Agenda Item IX	Phyllis Gurgevich, President and CEO, Nevada Bankers Association	PowerPoint Presentation
Agenda Item X	Nic Steele, Executive Director, Access CDFI	PowerPoint Presentation

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