

**SENATE COMMITTEE ON FINANCE AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**JOINT SUBCOMMITTEE ON HUMAN SERVICES
CLOSING REPORT**

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

The Joint Subcommittee on Human Services has completed its review of the Department of Employment, Training and Rehabilitation (DETR) budget for the 2015-17 biennium. The closing recommendations of the Subcommittee resulted in a decrease in General Funds of \$40,961 in FY 2016 and \$45,688 in FY 2017. The following comments describe the more significant recommendations of the Joint Subcommittee.

Rehabilitation Administration (101-3268) DETR-8: The Subcommittee recommended approving the Governor's recommendation to transfer the Rehabilitation Chief from the Rehabilitation Administration budget to the Vocational Rehabilitation budget. The Rehabilitation Chief provides direct oversight and support exclusively to the Vocational Rehabilitation program, and therefore is more appropriately funded in the Vocational Rehabilitation budget.

Vocational Rehabilitation (101-3265) DETR-17: The Subcommittee recommended approving the Governor's recommendation to increase federal Section 110 grant funding of \$690,461 to fund a new CareerConnect program provided by Truckee Meadows Community College (TMCC). The Subcommittee recommended approving an increase

in federal Section 110 grant funding of \$259,368 to provide the same program at Western Nevada College. The CareerConnect program would assist students with disabilities in developing the academic preparation and job skills necessary to successfully obtain employment. The Subcommittee also recommended approving \$180,060 (\$38,352 General Fund appropriations and \$141,708 federal Section 110 grant funding) to fund two Public Service Interns as intermittent positions. The agency notes that Public Service Interns are a critical avenue to attract Rehabilitation Counselors to the state, as Nevada does not have a master's program in Vocational Rehabilitation counseling. The Subcommittee recommended approving all other closing items in the Rehabilitation budgets as recommended by the Governor with technical adjustments as necessary.

Employment Security Division (205-4770) DETR-42: The Subcommittee recommended approving the Governor's recommendation, as amended, to eliminate 36 full-time positions beginning July 1, 2015, and eliminate an additional 14 positions beginning July 1, 2016, as the result of a decrease in federal Unemployment Insurance (UI) administrative grant funds. With levels of UI grant funding being countercyclical to the economy, the funding recommended for approval by the Subcommittee represents a 18.7 percent decrease in FY 2016 and 17.9 percent in FY 2017 compared to the base year level of federal UI administrative grant funding. The Subcommittee recommended approving funding for 62 intermittent positions in the 2015-17 biennium as amended by the Governor to accommodate fluctuating workloads in the Unemployment Insurance and Employment Services programs. Additionally, the Subcommittee recommended approving funding to continue the Job-Driven National Emergency Grant

program, efforts in implementing the Burning Glass data system, the Nevada System of Higher Education Nursing Grant, and the Veterans and Seniors Business Loan grant program, and increased funding beyond the base funding level for the Silver State Works program. The Subcommittee recommended approving the remainder of the Employment Security Division budget as amended by the Governor with an adjustment to reduce equipment expenditures.

Employment Security – Special Fund (235-4771) DETR-55: The Subcommittee recommended approving funding to support MSA contract costs to maintain and support Unemployment Insurance Modernization (UInv) system applications as recommended by the Governor. The final implementation phase of the UInv project for the UI Contributions/Tax module is scheduled for the July/August 2015 timeframe. Since project deliverables currently authorized for expenditure in FY 2015 will not be billed until FY 2016, the Subcommittee recommended approving an increase to the federal Reed Act grant authority by \$8.0 million in FY 2016, with an equal augmentation to the UInv expenditure category. The Subcommittee recommended approval of the Governor’s recommendation to authorize the acceptance of credit card payments to the Employment Security Division (ESD) from UI claimants for overpayments and employers for tax payments. The Subcommittee recommended approval of the remainder of the Special Fund budget as recommended by the Governor.

Equal Rights Commission (101-2580) DETR-62: The Subcommittee recommended approving General Fund appropriations of \$129,041 over the 2015-17 biennium, as recommended by the Governor, for a new Chief Compliance Investigator to specialize in the investigation of discrimination within Nevada schools, and to provide statewide training with a focus on the prevention of bullying and discrimination based on race, sexual orientation, religion and gender identity. The Subcommittee recommended approving the remainder of the Equal Rights Commission budget as recommended by the Governor.

Administration (101-3272) DETR-75: The Subcommittee recommended approving the Governor's recommendation to eliminate eight positions due to a decrease in the level of administrative services necessary to support the Employment Security Division budget as the result of declining federal Unemployment Insurance grant funding. The Subcommittee recommended approving the remainder of the Administration budget with an adjustment to reduce equipment expenditures.

Information Development and Processing (101-3274) DETR-81: The Subcommittee recommended approval of the Governor's recommendation to eliminate two positions due to a decrease in the level of IT services necessary to support the Employment Security Division budget as the result of declining federal Unemployment Insurance grant funding. The Subcommittee recommended approving the remainder of the Information Development and Processing budget with an adjustment to reduce equipment expenditures.

Nevada P20 Workforce Reporting (101-3270) DETR-93: The Subcommittee recommended approving General Fund appropriations of \$2.3 million over the 2015-17 biennium to establish the new Nevada P20 Workforce Reporting budget as recommended by the Governor. As recommended for approval by the Subcommittee, the new budget will house the centralized costs for maintaining the State Longitudinal Data System (SLDS) and fund one new IT Professional position. The Subcommittee recommended approval of an adjustment to reduce the transfer of funds to the Nevada System of Higher Education (NSHE) to address an error in the budget and to align position costs for NSHE with the DETR position costs in this budget. In addition, the Subcommittee directed Fiscal staff to work with NSHE and the Executive Budget Office to ensure the transfer of General Fund appropriations from this budget is included in the appropriate state supported operating budget within the NSHE. Finally, the Subcommittee recommended issuing a letter of intent directing the Nevada Department of Education, NSHE, and DETR to enter into inter-local agreements to outline and define their roles and responsibilities regarding the system and exchange of data, review the overall governance and oversight of the SLDS in the 2015-16 Interim, and to submit any suggested or necessary statutory changes regarding the SLDS, including governance changes, to the 2017 Legislature.

The Subcommittee recommended authorizing Fiscal staff to make technical adjustments throughout the department's budgets as necessary.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
<u>AS CLOSED BY SUBCOMMITTEE:</u>				
DETR-8	101-3268	* Rehabilitation Administration	-	-
DETR-17	101-3265	* Vocational Rehabilitation	-	-
DETR-42	205-4770	* Employment Security	-	-
DETR-55	235-4771	* Employment Security Special Fund	-	-
DETR-62	101-2580	* Equal Rights Commission	-	-
DETR-75	101-3272	* Administration	-	-
DETR-81	101-3274	* Information Development and Processing	-	-
DETR-93	101-3270	Nevada P20 Workforce Reporting	(40,961)	(45,688)
			(40,961)	(45,688)
* No General Fund impact				

Title: DETR - REHABILITATION ADMINISTRATION
 Account: 101 - 3268

Budget Page: DETR-8, Volume II

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	(1,225)	248,546	(20,389.47)	285,920	15.04	285,918	(0.00)
INTERAGENCY TRANSFER	1,139,747	1,161,324	1.89	1,091,453	(6.02)	1,110,616	1.76
OTHER FUND	28,958	29,046	0.30	22,272	(23.32)	22,387	0.52
Total Revenues	1,167,480	1,438,916	23.25	1,399,645	(2.73)	1,418,921	1.38
Total FTE		13.00		12.00		12.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

Overview

The Rehabilitation Division is comprised of three bureaus: the Bureau of Disability Adjudication, which makes medical determinations of eligibility for the Social Security Administration disability benefit payment programs; the Bureau of Services to the Blind and Visually Impaired, which provides vocational rehabilitation services leading to employment outcomes and independent living services to eligible individuals with blindness; and the Bureau of Vocational Rehabilitation, which provides vocational rehabilitation services leading to employment for persons with disabilities. The Rehabilitation Administration budget provides administrative support services to the agencies within the division. The division is funded primarily through cost allocation reimbursements.

Major Closing Issue

Rehabilitation Chief Position Transfer

Discussion of Major Closing Issue

Rehabilitation Chief Position Transfer (E-910, DETR-10-11): The Governor recommends the transfer of a Rehabilitation Chief to the Vocational Rehabilitation account. According to the agency, the Rehabilitation Chief provides direct oversight and support exclusively to the Vocational Rehabilitation program, and therefore is more appropriately funded in the Vocational Rehabilitation budget.

The agency also notes that this transfer would discontinue charging the Disability Adjudication and the Blind Business Enterprise Program budgets for a portion of the costs associated with this position, as the Rehabilitation Chief does not provide support to either program. From FY 2011 to FY 2014, the Disability Adjudication and Blind Business Enterprise budgets funded 52 percent of the annual costs associated with this position.

Does the Subcommittee wish to approve the transfer of the Rehabilitation Chief position and associated operating costs from the Rehabilitation Administration budget to the Vocational Rehabilitation budget?

The Subcommittee recommended approval of the transfer of the Rehabilitation Chief position and associated operating costs from the Rehabilitation Administration budget to the Vocational Rehabilitation budget.

Other Closing Item

Computer Equipment Replacement (E-710, DHHS-DETR-10): The Governor recommends cost allocation revenue of \$7,039 over the 2015-17 biennium to replace four desktop computers with dual monitors, four surge protectors, and one network printer. **This recommendation appears reasonable.**

Fiscal staff recommends that the Other Closing Item be closed as recommended by the Governor and requests authority to make technical adjustments, as necessary.

The Subcommittee recommended approval of the Other Closing Item in this budget as recommended by the Governor, with authority for Fiscal staff to make other technical adjustments, as needed.

Title: DETR - VOCATIONAL REHABILITATION
 Account: 101 - 3265

Budget Page: DETR-17, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	699	21	(97.00)	6,658	31,604.76	6,658	
FEDERAL FUND	14,789,975	15,345,886	3.76	15,107,311	(1.55)	15,310,191	1.34
GENERAL FUND	2,222,977	2,218,196	(0.22)	2,626,572	18.41	2,680,269	2.04
INTERAGENCY TRANSFER	96,389	114,350	18.63	14,654	(87.18)	14,629	(0.17)
REVERSIONS	(500,522)						
Total Revenues	16,609,518	17,678,453	6.44	17,755,195	0.43	18,011,747	1.44
Total FTE		93.00		95.00		95.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	00	3442	Increase federal Section 110 grant funding to expand the CareerConnect third party cooperative agreement to Western Nevada College	127,767	131,601
Sub-total				127,767	131,601
Line Item Changes to Revenues				127,767	131,601

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	12	7000	Expand CareerConnect third party cooperative agreement to Western Nevada College	127,767	131,601
Sub-total				127,767	131,601
Line Item Changes to Expenditures				127,767	131,601

Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Bureau of Vocational Rehabilitation (VR) provides rehabilitation services to eligible individuals with disabilities to assist them in preparing for and obtaining meaningful employment and self-sufficiency. The budget is funded primarily through federal funding with State General Fund appropriations utilized as the 21.3 percent required matching funds for the federal Section 110 grant. The federal Section 110 grant is a formula grant, which funds services for individuals with disabilities such as medical treatment and intervention, transportation, assistive technology training and purchase of equipment, and a broad variety of vocational training, counseling, job development, placement, and follow-up services.

Major Closing Issues

1. Additional Federal Section 110 Grant Funding (Third Party Cooperative Agreements)
2. Intermittent Positions

Discussion of Major Closing Issues

1. Additional Federal Section 110 Grant Funding (Third Party Cooperative Agreements) (E-225, DETR-20): The Governor recommends an increase in federal Section 110 grant funding of \$690,461

over the 2015-17 biennium to fund a new CareerConnect program provided by Truckee Meadows Community College (TMCC). The CareerConnect program would assist students with disabilities in developing the academic preparation and job skills necessary to successfully obtain employment.

The agency indicates that an increased emphasis on third party cooperative agreements, such as the one recommended, would help bring additional federal Section 110 grant funds to the state in order to provide new or expanded programs for vocational rehabilitation clients. Third party cooperative agreements assist in accessing available federal funding that would otherwise be given to other states, as the third party provides the matching funds dedicated to supporting the agreement.

During the agency's budget hearing on March 20, 2015, the agency indicated contract negotiations were in place with both Truckee Meadows Community College and Western Nevada College to provide vocational rehabilitation services through the aforementioned CareerConnect program. The agreement with TMCC was included in The Executive Budget; however, an agreement with Western Nevada College to provide the same services approved by the Board of Examiners on October 14, 2014, is not included in The Executive Budget.

Fiscal staff asked the agency about this omission, and the agency agreed the third party cooperative agreement with Western Nevada College in the amount of \$259,368 should be included in the budget, increasing the Governor recommended federal Section 110 grant funding for a total of \$949,829 over the 2015-17 biennium.

Does the Subcommittee wish to approve the Governor's recommendation to increase federal Section 110 grant revenue and spending authority to operate the CareerConnect program at Truckee Meadows Community College?

Does the Subcommittee also wish to increase the Governor's recommended federal Section 110 grant revenue and spending authority by \$259,368 over the 2015-17 biennium to operate the CareerConnect program at Western Nevada College?

The Subcommittee recommended approval of an increase in federal Section 110 grant revenue and spending authority for operation of the CareerConnect program at both Truckee Meadows Community College and Western Nevada College.

2. Intermittent Positions (E-226, DETR-20): The Governor recommends \$180,060 (\$38,352 General Fund appropriations and \$141,708 federal Section 110 grant funding) over the 2015-17 biennium to fund two Public Service Interns as intermittent positions. The agency has hired and used these positions since FY 2013 and previously funded the positions with vacancy savings. The Legislature has not approved funding specifically aligned with these positions in the past.

According to the agency, Public Service Interns are a critical avenue to attract Rehabilitation Counselors to the state, as Nevada does not have a master's program in Vocational Rehabilitation counseling. One of the requirements to achieving a master's degree in Vocational Rehabilitation Counseling is to successfully complete a 600-hour internship in a rehabilitation setting. The agency indicates the internship serves as a recruitment tool to attract qualified candidates to Nevada. According to the agency, Public Service Intern positions perform all of the duties of the Rehabilitation Counselor under the supervision and approval of a Rehabilitation Counselor.

The agency testified during its budget hearing that five individuals have filled the above referenced intermittent positions since 2013, and three of the five were hired as permanent employees. The

agency further notes that Public Service Interns are full-time state employees working 40 hours per week while the positions are filled.

Does the Subcommittee wish to approve funding for two Public Service Interns to fill intermittent positions within the Vocational Rehabilitation program?

The Subcommittee recommended approval of two Public Service Interns to fill intermittent positions within the Vocational Rehabilitation program.

Other Closing Items

1. Training and Technical Assistance (E-236, DETR-20-21): The Governor recommends \$67,418 (\$14,360 General Fund appropriations and \$53,058 federal Section 110 grant funding) over the 2015-17 biennium for a contract with San Diego State University Research Foundation's Interwork Institute to provide training and technical assistance to the department. According to the agency, counselors working within the Vocational Rehabilitation program have a master's degree and are Certified Rehabilitation Counselors (CRC). In order to maintain their CRC, counselors must complete 100 hours of continuing education during a five-year period, with 10 of those hours being in the field of ethics.

The agency indicates that this contract would replace the services previously provided through the Technical Assistance and Continuing Education (TACE) program, which will not be available to states in the future. Funding for the contract is split between this budget (80 percent) and the Services to the Blind and Visually Impaired budget (20 percent). **This recommendation appears reasonable.**

2. Position Transfer (E-510, E-910, DETR-21-22-23): The Governor recommends the transfer of a Rehabilitation Chief position from the Rehabilitation Administration budget to the Vocational Rehabilitation budget, resulting in the transfer of \$249,643 in associated operating costs over the 2015-17 biennium. According to the agency, the Rehabilitation Chief provides direct oversight and support exclusively to the Vocational Rehabilitation program, and therefore it is more appropriate to fund the position in this budget. Companion Decision Unit E-510 replaces cost allocation revenue with federal Section 110 grant funding and a 21.3 percent (\$53,113) General Fund appropriation match. **If the transfer is approved in closing the Rehabilitation Administration budget, staff recommends Decision Units E-510 and E-910 also be approved.**

3. Replacement Equipment (E-710, DETR-22): The Governor recommends \$45,389 (\$9,669 General Fund appropriations and \$35,720 federal Section 110 grant funding) over the 2015-17 biennium to purchase 24 desktop computers, 3 laptop computers, 11 printers, 1 scanner, and Adobe Acrobat software. **This recommendation appears reasonable.**

4. Cost Allocation (M-800, E-800, DETR-19 and 22): Including the adjustments made in the base budget, the agency requests an increase in cost allocation expenditures of \$233,822 for FY 2016 and \$277,509 for FY 2017 compared to FY 2014. The agency's total requested cost allocation expenditures are \$2.2 million for FY 2016 and \$2.3 million for FY 2017, as compared to \$2.0 million paid in FY 2014. This is an 11.8 percent increase over the base year for FY 2016 and a 14.0 percent increase for FY 2017. Cost allocations for the division are based on the number of positions in each budget. Due to recommended decreased staffing levels in the Employment Security Division, cost allocations for other budgets within the department have increased. **This recommendation appears reasonable.**

Fiscal staff recommends that Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as necessary.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with authority for Fiscal staff to make other technical adjustments, as needed.

**Nevada Legislative Counsel Bureau
Budget Closing Action Report
Senate Committee on Finance and
Assembly Committee on Ways and Means
W02 - WORKING VERSION 2**

Title: DETR - EMPLOYMENT SECURITY
Account: 205 - 4770

Budget Page: DETR-42, Volume II

Revenues	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
			Chg		Chg		Chg
BALANCE FORWARD	(109,276)	10,023,081	(9272.26)	4,806,801	(52.04)	3,182,321	(33.80)
FEDERAL FUND	78,952,176	81,803,328	3.61	69,013,810	(15.63)	68,152,344	(1.25)
INTERAGENCY TRANSFER	1,852,481	2,041,224	10.19	1,393,113	(31.75)	1,289,021	(7.47)
OTHER FUND	31,216,511	14,102,167	(54.82)	13,185,101	(6.50)	13,390,168	1.56
Total Revenues	111,911,892	107,969,800	(3.52)	88,398,825	(18.13)	86,013,854	(2.70)
Total FTE		487.00		451.00		451.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		(331,075)
B000	00	3540	Adjusting federal UI grant authority Amendment A150554770	1,178,753	2,393,036
B000	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	(524,420)	(551,404)
B000	00	3546	Adjusting federal VETS grant authority Amendment A150554770	(190,458)	(180,665)
B000	00	3547	Adjusting federal Foreign Labor Certification grant authority Amendment A150554770	(57)	(290)
B000	00	3548	Adjusting federal Work Opportunity Tax Credit authority Amendment A150554770	(115)	(581)
B000	00	3549	Adjusting federal Trade Adjustment Assistance grant authority Amendment A150554770	(186,595)	(183,321)
B000	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	261,358	(8,183)
B000	00	3739	Adjusting Displaced Homemaker fee revenue Amendment A150554770	(6)	(28)
B000	00	3803	Adjusting Child Support intercept revenue Amendment A150554770	4,243	4,523
B000	00	3871	Adjusting New Hire revenue Amendment A150554770	(115,561)	7,283
B000	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	(286,123)	(165,864)
B000	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	(452,212)	(462,418)
B000	00	4670	Adjusting revenue transfer from the Employment Security Special Fund Amendment A150554770	15,518	23,650
M100	00	3540	Adjusting federal UI grant authority Amendment A150554770	(136)	(3,024)
M100	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	83	930
M100	00	3546	Adjusting federal VETS grant authority Amendment A150554770	(71)	155
M100	00	3547	Adjusting federal Foreign Labor Certification grant authority Amendment A150554770	(3)	7
M100	00	3548	Adjusting federal Work Opportunity Tax Credit authority Amendment A150554770	(7)	16
M100	00	3549	Adjusting federal Trade Adjustment Assistance grant authority Amendment A150554770	(7)	16
M100	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	(88)	192
M100	00	3803	Adjusting Child Support intercept revenue Amendment A150554770	(10)	22
M100	00	3871	Adjusting New Hire revenue Amendment A150554770	(16)	37
M100	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	(295)	640

M100	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	584	935
M100	00	4670	Adjusting revenue transfer from the Employment Security Special Fund Amendment A150554770	(34)	74
M300	00	3540	Adjusting federal UI grant authority Amendment A150554770	(428)	(986)
M300	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	301	389
M300	00	3546	Adjusting federal VETS grant authority Amendment A150554770	(380)	(21)
M300	00	3547	Adjusting federal Foreign Labor Certification grant authority Amendment A150554770	4	6
M300	00	3548	Adjusting federal Work Opportunity Tax Credit authority Amendment A150554770	9	11
M300	00	3549	Adjusting federal Trade Adjustment Assistance grant authority Amendment A150554770	9	11
M300	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	115	150
M300	00	3739	Adjusting Displaced Homemaker fee revenue Amendment A150554770	1	1
M300	00	3803	Adjusting Child Support intercept revenue Amendment A150554770	14	18
M300	00	3871	Adjusting New Hire revenue Amendment A150554770	23	28
M300	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	388	503
M300	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	45	58
M300	00	4670	Adjusting revenue transfer from the Employment Security Special Fund Amendment A150554770	45	58
M800	00	3540	Adjusting federal UI grant authority Amendment A150554770	(3,636)	10,169
M800	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	768	(3,228)
M800	00	3546	Adjusting federal VETS grant authority Amendment A150554770	873	(316)
M800	00	3547	Adjusting federal Foreign Labor Certification grant authority Amendment A150554770	41	(15)
M800	00	3548	Adjusting federal Work Opportunity Tax Credit authority Amendment A150554770	83	(30)
M800	00	3549	Adjusting federal Trade Adjustment Assistance grant authority Amendment A150554770	83	(30)
M800	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	1,077	(389)
M800	00	3739	Adjusting Displaced Homemaker fee revenue Amendment A150554770	4	(2)
M800	00	3803	Adjusting Child Support intercept revenue Amendment A150554770	128	(47)
M800	00	3871	Adjusting New Hire revenue Amendment A150554770	208	(75)
M800	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	3,620	(1,308)
M800	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	(3,665)	(4,578)
M800	00	4670	Adjusting revenue transfer from the Employment Security Special Fund Amendment A150554770	416	(151)
E225	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		5,300
E225	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	5,300	11,329
E227	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		122,400
E227	00	3871	Adjusting New Hire revenue Amendment A150554770	122,400	
E229	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		(265,136)
E229	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	(265,136)	
E230	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		1,465,943
E230	00	3540	Adjusting federal UI grant authority Amendment A150554770	751,386	766,135
E230	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	274,496	280,430
E230	00	3546	Adjusting federal VETS grant authority Amendment A150554770	170,131	174,716
E230	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	317,530	323,807

E230	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	472,045	482,581
E235	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		484,704
E235	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	484,704	521,900
E244	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		235,000
E244	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	607,787	532,787
E248	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	(298,104)	(298,104)
E600	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		(2,003,704)
E600	00	3540	Adjusting federal UI grant authority Amendment A150554770	(2,026,946)	(2,519,603)
E600	00	3540	Reduce federal UI grant revenue for a revision to the purchase of retirement service credits and payout of terminal leave based on information from the agency.	(259,650)	
E601	00	3540	Adjusting federal UI grant authority Amendment A150554770		(754,299)
E672	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		(187,250)
E672	00	3540	Adjusting federal UI grant authority Amendment A150554770	(100,945)	(111,919)
E672	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	(24,832)	(29,011)
E672	00	3546	Adjusting federal VETS grant authority Amendment A150554770	(7,725)	(9,026)
E672	00	3547	Adjusting federal Foreign Labor Certification grant authority Amendment A150554770	(368)	(430)
E672	00	3548	Adjusting federal Work Opportunity Tax Credit authority Amendment A150554770	(736)	(860)
E672	00	3549	Adjusting federal Trade Adjustment Assistance grant authority Amendment A150554770	(736)	(860)
E672	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	(9,528)	(11,132)
E672	00	3739	Adjusting Displaced Homemaker fee revenue Amendment A150554770	(37)	(43)
E672	00	3803	Adjusting Child Support intercept revenue Amendment A150554770	(1,141)	(1,332)
E672	00	3871	Adjusting New Hire revenue Amendment A150554770	(1,839)	(2,149)
E672	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	(32,005)	(37,392)
E672	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	(3,679)	(4,298)
E672	00	4670	Adjusting revenue transfer from the Employment Security Special Fund Amendment A150554770	(3,679)	(4,298)
E710	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		166,290
E710	00	3540	Adjusting federal UI grant authority Amendment A150554770	69,864	39,365
E710	00	3540	Reduce federal UI grant for deferral of fax machine replacements.	(15,507)	
E710	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	55,850	18,051
E710	00	3545	Reduce federal Employment Services grant for reduction to fax machine costs.	(43,661)	(10,905)
E710	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	669	669
E710	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	669	669
E720	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		6,451
E720	00	3540	Adjusting federal UI grant authority Amendment A150554770	6,451	
E720	00	3540	Reduce federal UI grant for removal of flat screen monitor and television.	(451)	
E800	00	2511	Adjusting Balance Forward Revenue Amendment A150554770		215,958
E800	00	3540	Adjusting federal UI grant authority Amendment A150554770	125,638	181,113
E800	00	3545	Adjusting federal Employment Services grant authority Amendment A150554770	25,854	48,718
E800	00	3546	Adjusting federal VETS grant authority Amendment A150554770	8,043	15,157
E800	00	3547	Adjusting federal Foreign Labor Certification grant authority Amendment A150554770	383	722
E800	00	3548	Adjusting federal Work Opportunity Tax Credit authority	766	1,444

			Amendment A150554770		
E800	00	3549	Adjusting federal Trade Adjustment Assistance grant authority Amendment A150554770	766	1,444
E800	00	3580	Adjusting federal Workforce Innovation and Opportunity Act grant authority Amendment A150554770	9,920	18,693
E800	00	3739	Adjusting Displaced Homemaker fee revenue Amendment A150554770	38	72
E800	00	3803	Adjusting Child Support intercept revenue Amendment A150554770	1,187	2,237
E800	00	3871	Adjusting New Hire revenue Amendment A150554770	1,915	3,609
E800	00	4280	Adjusting Wage Assessment revenue Amendment A150554770	33,787	62,413
E800	00	4286	Adjusting Bond Program Income revenue Amendment A150554770	3,830	7,218
E800	00	4670	Adjusting revenue transfer from the Employment Security Special Fund Amendment A150554770	3,831	7,218
Sub-total				163,006	497,681
Line Item Changes to Revenues				163,006	497,681

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Personnel expenditure adjustments Amendment A150554770	35,400	36,752
B000	86	9000	Reserve adjustments Amendment A150554770	(331,075)	507,911
M300	01	5000	Personnel expenditure adjustments Amendment A150554770	146	226
E225	86	9000	Reserve adjustments Amendment A150554770	5,300	16,629
E227	86	9000	Reserve adjustments Amendment A150554770	122,400	122,400
E229	86	9000	Reserve adjustments Amendment A150554770	(265,136)	(265,136)
E230	01	5000	Personnel expenditure adjustments Amendment A150554770	519,645	466,984
E230	86	9000	Reserve adjustments Amendment A150554770	1,465,943	3,026,628
E235	86	9000	Reserve adjustments Amendment A150554770	484,704	1,006,604
E244	12	7000	Client Services expenditure adjustment to increase contract costs for Burning Glass Amendment A150554770	72,787	72,787
E244	12	7000	Client Services expenditure adjustment to increase Silver State Works program Amendment A150554770	300,000	300,000
E244	86	9000	Reserve adjustments Amendment A150554770	235,000	395,000
E248	13	7000	Removes Employment Services 7B Reserve expenditure Amendment A150554770	(298,104)	(298,104)
E600	01	5000	Personnel expenditure adjustments Amendment A150554770	(23,242)	(20,459)
E600	01	5000	Reduce amount budgeted for the purchase of retirement service credits and payout of terminal leave based on revised information from the agency.	(259,650)	
E600	86	9000	Reserve adjustments Amendment A150554770	(2,003,704)	(4,502,848)
E601	01	5000	Personnel expenditure adjustments to reduce staffing by 14 positions beginning July 1, 2016 Amendment A150554770		(749,294)
E601	04	7000	Operating expenditure adjustments from staffing reduction of 14 positions beginning July 1, 2016 Amendment A150554770		(1,635)
E601	26	7000	Information Services expenditure adjustments from staffing reduction of 14 positions beginning July 1, 2016 Amendment A150554770		(3,370)
E672	86	9000	Reserve adjustments Amendment A150554770	(187,250)	(400,000)
E710	04	7000	Operating expenditure adjustments Amendment A150554770	4	1
E710	04	7000	Reduce ES fax machine replacements from \$3,887 ea. to \$252 ea. based on revised quote. Deferral of 4 fax machine replacements for UI.	(59,168)	(10,905)
E710	04	8000	Operating expenditure adjustments Amendment A150554770	(39,242)	(39,242)
E710	86	9000	Reserve adjustments Amendment A150554770	166,290	264,285
E720	26	7000	Remove purchase of flat screen monitor and television.	(300)	
E720	26	8000	Remove purchase of flat screen monitor and television.	(151)	

E720	86	9000	Reserve adjustments Amendment A150554770	6,451	6,451
E800	86	9000	Reserve adjustments Amendment A150554770	215,958	566,016
Sub-total				163,006	497,681
Line Item Changes to Expenditures				163,006	497,681
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Employment Security budget is comprised of two primary functional operations: 1) Unemployment Insurance (UI), which is a joint state and federal employment insurance system that provides temporary partial wage replacement to protect workers against the hardships of unemployment; and 2) Employment Service (ES), which provides job placement services and labor market information to employers and job seekers. Affiliated programs include the Public Labor Exchange, Foreign Labor Certification, Work Opportunity Tax Credit, Rapid Response, Migrant Seasonal Farm Worker, North American Free Trade Agreement (NAFTA), Trade Adjustment Assistance (TAA), and the Veterans' Employment and Training Service. The Employment Security Division (ESD) is also responsible for the administration and oversight of Workforce Innovation Opportunity Act (WIOA) funds, and participates as a full partner in the Nevada JobConnect system. The division also oversees the state's Career Enhancement Program, distributes funds for the Displaced Homemaker Program to Displaced Homemaker Centers, and maintains the State Directory of New Hires.

Budget Amendment A150554770: Fiscal staff, the Executive Budget Office, and the Department of Employment, Training and Rehabilitation (DETR) met several times prior to the budget hearing on March 18, 2015, to address mechanical issues in the ESD budget for the 2015-17 biennium, given the anticipated reduction in federal UI grant funding and to discuss the incorrect adjustment of federal revenues throughout the various decision units in the budget. All three parties agreed that it was necessary to address these issues through a budget amendment. The Fiscal Analysis Division received the budget amendment on March 18, 2015, and the division's presentation at the budget hearing was reflective of the changes in the amendment. The following items are the major components of the budget amendment:

- a) Budgeting of Federal Revenues: The Executive Budget initially included a base adjustment to establish the amount of estimated federal revenues based on the most current notice of grant award. Each decision unit was then subsequently funded through an offset to the budget's reserve. With this approach, there was concern that the true funding source of the expenditures was not transparent and that the reserve was being overstated as the federal grant funding is received on a reimbursement basis. The budget amendment reverses this approach, and reflects and identifies the specific funding sources for each decision unit, including the base budget, without utilizing the reserve.
- b) Reduction in UI Grant Funding: Levels of UI grant funding are countercyclical to the economy. As the economy and unemployment rates improve, the state experiences a reduction in the level of UI administrative grant funding from the federal government. The Executive Budget initially funded expenditures in the UI program that exceeded the level of estimated UI grant revenue. To address over-budgeted expenditures, additional expenditure reductions were necessary beginning in FY 2017. The Executive Budget Office and DETR agreed to additional position eliminations beginning in FY 2017, and to reduce the amount of replacement equipment recommended in this budget. The budget amendment addresses these additional reductions in the E-601 and E-710 decision units, respectively, as presented below for consideration by the Subcommittee.

- c) Increase in the Number of Intermittent Positions Recommended: The Executive Budget initially proposed to fund 31 intermittent positions in the E-230 decision unit. The amended recommendation proposes to increase the number of intermittent positions to 38.5 in this decision unit, which is discussed under Major Closing Issue 2.

For purposes of this closing document, the summary of Major Closing Issues and Other Closing Items is reflective of the budget amendment submitted on March 18, 2015.

Major Closing Issues

1. Position Eliminations
2. Intermittent Positions
3. Job-Driven National Emergency Grant
4. Client Services Contracts

Discussion of Major Closing Issues

1. Position Eliminations (E-600, DETR-50): The amended version of The Executive Budget recommends a reduction in federal UI grant funding of \$2.0 million in FY 2016 and \$2.5 million in FY 2017 to partially align adjusted federal funding with the agency’s projections for the biennium in Decision Unit E-600. This recommendation eliminates 36 full-time positions beginning July 1, 2015, and reduces personnel, operating, and information services expenditures by an equal amount. Accounting for all decision units, UI grant funding is budgeted at \$28.5 million in FY 2016 and \$28.8 million in FY 2017. Compared to the base year amount of \$35.1 million, the overall decrease in federal UI grant funding represents reductions of 18.7 percent in FY 2016 and 17.9 percent in FY 2017 from this funding source.

Based on information in the Human Resources Data Warehouse, 11 of the 36 positions recommended for elimination are currently filled. The recommendation includes \$437,044 in FY 2016 for the purpose of purchasing employee retirement service credits, and for the payout of terminal leave. In response to an inquiry from Fiscal staff, the agency indicates that this amount can be reduced by \$259,650 to \$177,394 due to a number of the positions being vacated since the time the budget was finalized. A technical adjustment has been made to the decision unit to reflect the revised amount of \$177,394 for this purpose, and is reflected in this closing document. The following table reflects the titles, status and number of positions requested for elimination in this decision unit.

DETR - Employment Security Federal UI Grant Decrease, Position Reductions (E-600)		
<u>Position Title</u>	<u>Number of Positions</u>	<u>Status</u>
Administrative Aid	1	Vacant
Administrative Assistant	1	Filled
Compliance/Audit Investigator	2	2 Filled
Contributions Examiner	4	3 Vacant, 1 Filled
DETR Business Process Analyst	1	Filled
ESD Appeals Referees	4	1 Vacant, 3 Filled
ESD Manager	1	Filled
Unemployment Insurance Representatives	22	20 Vacant, 2 Filled
Total:	36	25 Vacant, 11 Filled

During the budget hearing, the division testified that they were working to place the incumbents in existing positions within the department that are recommended to be funded in the 2015-17 biennium, and would assist those incumbents in their efforts to seek employment with other state agencies.

Fiscal staff notes that at the time of the budget hearing, 19 of the positions recommended to be eliminated were filled, compared to 11 of these positions being filled at this time. In response to a question from the Subcommittee, the agency testified that the number of position eliminations was based on the need to stay within the level of federal UI grant funding available, and that position reductions were spread among the units within the division that provide UI services. Of the positions recommended for elimination, 9 positions are supervisory/support positions and 27 are customer service, or frontline service positions. In response to an inquiry from Fiscal staff, the agency indicates that there could be impacts to UI service levels, but the exact impacts are unknown at this time. The agency further indicates that the full implementation of the UInv system may provide efficiencies to help improve service levels provided to employers moving forward.

As part of the position reductions, the UI appeals office in Reno will be eliminated. Fiscal staff notes that the agency's performance indicators reflect that 48 percent of UI appeals determinations were issued within 45 days, compared to the accepted federal level of performance of 80 percent for this measure. The agency does not anticipate a negative impact on the timeliness of issuing appeal determinations with the recommended office elimination. The agency indicates that almost all appeals in the Reno office are handled by phone, and if a claimant or employer insists on an in-person appeal hearing, the division would have staff travel to Northern Nevada and schedule in-person hearings for a particular week so that they could be heard with limited travel required. Furthermore, the agency indicates that as the economy continues to improve, the number of expected appeals will decline and reduce the number of in-person appeal hearings required. This is reflected in the number of appeals filed in February 2015, of 487, compared to the 1,064 appeals filed in July 2014, statewide. With the reduction in the workload trend, the agency expects improvement in their determination timeliness over the next several quarters.

Does the Subcommittee wish to approve the elimination of 36 positions beginning July 1, 2015, as amended by the Governor, with the technical adjustment noted by staff to reduce the purchase of retirement service credits and payout of terminal leave, resulting in a reduction of \$4.8 million in federal UI grant funding over the 2015-17 biennium?

Position Eliminations (E-601, AMENDMENT): In addition to the 36 positions recommended for elimination in Decision Unit E-600, The Executive Budget, as amended, recommends to eliminate an additional 14 positions and associated operating costs in FY 2017 to allow program expenses to remain within anticipated UI grant funding levels. The additional reduction decreases federal UI grant funding by \$754,299 in FY 2017. the agency has identified the following position titles to be eliminated as part of the decision unit:

DETR - Employment Security Federal UI Grant Decrease, Position Reductions (E-601)	
<u>Position Title</u>	<u>Number of Positions</u>
Administrative Aid	1
Administrative Assistant	3
DETR Business Process Analyst	1
Tax Examiner	2
Unemployment Insurance Representatives	7
Total:	14

Specific position control numbers (PCNs) have not yet been identified for these reductions. By allowing the agency to identify the position titles but not specify specific PCNs, the agency would have some flexibility to manage the additional reductions and minimize impacts on existing

incumbents. As positions within the identified titles become vacant between now and July 1, 2016, the agency would have the option to hold the position vacant and avoid potential layoffs when the elimination becomes effective.

Does the Subcommittee wish to approve the elimination of 14 positions beginning July 1, 2016, as amended by the Governor, resulting in a reduction of \$754,299 in federal UI grant funding in Fiscal Year 2017?

The Subcommittee voted to approve the elimination of 36 positions beginning July 1, 2015, as amended by the Governor in Decision Unit E-600, with the technical adjustment noted by staff to reduce the purchase of retirement service credits and payout of terminal leave, and to eliminate 14 positions beginning July 1, 2016, as amended by the Governor in Decision Unit E-601.

2. Intermittent Positions: The Executive Budget, as amended, recommends funding for 62 intermittent positions in the 2015-17 biennium, as reflected in Major Closing Issues 2 and 3 below. This is a reduction of 58 percent as compared to the 147 intermittent positions that were funded by the 2013 Legislature for the current biennium. The reduction in intermittent staffing levels is directly related to the reduction in federal UI grant revenue in this budget. The agency testified during the budget hearing that the intermittent positions are funded to accommodate fluctuating workloads for the Unemployment Insurance and Employment Services programs.

E-230 (DETR-48): The amended version of The Executive Budget recommends \$2.0 million in each fiscal year of the 2015-17 biennium to fund 38.51 intermittent employees. The decision unit, as amended, is funded with: federal UI, Employment Services, and Veteran Service grant funds; wage assessment revenues; and bond program income. The agency indicates that the intermittent positions would be allocated as follows: 6 Career Enhancement Program positions; 3 Veteran's Services positions; 9.51 Reemployment Eligibility Assessment positions; 6 Employer Services positions; 4 UI positions; and 10 positions for Bond Administration. In response to an inquiry from Fiscal staff, the agency anticipates the need to continue funding intermittent positions for the Bond Administration through FY 2018, as the costs to modify the UInV system to incorporate functionality to do so would cost between \$2.0 to \$3.0 million dollars. The agency testified during the budget hearing that they anticipate paying off the bonds on or by December 2017,

Does the Subcommittee wish to approve \$2.0 million in each fiscal year of the 2015-17 biennium to fund 38.51 intermittent positions, as amended by the Governor in Decision Unit E-230?

E-235 (DETR-48): The amended version of The Executive Budget recommends federal Employment Services funding of \$484,704 in FY 2016 and \$521,900 in FY 2017 to support 9.51 intermittent positions to staff Re-Employment Services (RES) provided in conjunction with the federally funded Re-Employment Eligibility Assessment (REA) services program.

Does the Subcommittee wish to approve \$1.0 million in federal funding over the 2015-17 biennium to fund 9.51 intermittent positions, as amended by the Governor in Decision Unit E-235?

E-241 (DETR-49): The Governor recommends \$546,468 in FY 2016 and \$556,703 in FY 2017 in transfers of penalty and interest reserves from the Employment Security Special Fund to fund ten intermittent positions to provide support for the Unemployment Insurance program statewide. In response to an inquiry from Fiscal staff, the agency indicates that the use of reserves to support UI administrative costs is not anticipated beyond the 2015-17 biennium.

Does the Subcommittee wish to approve transfers of \$546,468 in FY 2016 and \$556,703 in FY 2017 to this budget from the Employment Security Special Fund to support the costs for ten intermittent positions, as recommended by the Governor in Decision Unit E-241?

The Subcommittee voted to approve \$2.0 million in each fiscal year of the 2015-17 biennium to fund 38.51 intermittent positions, as amended by the Governor in Decision Unit E-230; \$1.0 million in federal funding over the 2015-17 biennium to fund 9.51 intermittent positions, as amended by the Governor in Decision Unit E-235; and transfers of \$546,468 in FY 2016 and \$556,703 in FY 2017 to this budget from the Employment Security Special Fund to support the costs for 10 intermittent positions, as recommended by the Governor in Decision Unit E-241.

3. Job-Driven National Emergency Grant (E-229, DETR-47): As amended, The Executive Budget recommends federal Job-Driven National Emergency Grant (JD-NEG) authority of \$861,466 in FY 2016 to provide client employment services and support four intermittent positions, including travel and training costs. In addition, the recommendation reduces federal Workforce Investment Act funding by \$265,136 in FY 2016 to shift program expenditure funding to the JD-NEG grant. The grant funds services to the long-term unemployed and UI claimants profiled as likely to exhaust their unemployment benefits. Services to be provided include career counseling, training, and reemployment and supportive services such as providing work experience through a work-based training model. The division indicates that in part, funding will be used to contract with the workplace to give businesses a risk-free opportunity to evaluate and consider hiring the long-term unemployed during an eight-week work experience program. After a five-week preparatory program designed to address the social, emotional and skill deficiencies caused by long-term unemployment, eligible candidates proceed to either the eight-week work experience phase or directly into the job market with an employer in unsubsidized employment. The backup materials indicate that the funding would provide for two five-week programs, one in Las Vegas and one in the Reno/Sparks area. Funding would provide services for up to 50 participants. This program was initially approved in FY 2015 at the August 27, 2014, meeting of the Interim Finance Committee.

Does the Subcommittee wish to approve federal Job-Driven National Emergency Grant funds of \$861,466 in FY 2016 as recommended by the Governor in Decision Unit E-229 to provide services to the long-term unemployed and UI claimants profiled as likely to exhaust their unemployment benefits?

The Subcommittee voted to approve federal Job-Driven National Emergency Grant funds of \$861,466 in FY 2016 as recommended by the Governor in Decision Unit E-229 to provide services to the long-term unemployed and UI claimants profiled as likely to exhaust their unemployment benefits, including funding for four intermittent positions.

4. Client Services Contracts (E-244, DETR-49): The amended version of The Executive Budget recommends Career Enhancement Program (wage assessment) revenues of \$607,787 in FY 2016 and \$532,787 in FY 2017 to fund contracts for the following:
- a. Ongoing maintenance of Burning Glass (\$132,787 in each year). Burning Glass is a data system that matches job seekers with jobs and/or postsecondary education and training opportunities for career paths. This is a new contract that was established during the interim. The agency testified during the budget hearing and summarized the five modules of the data system.
 - The Focus/Career Portal provides individuals with self-service tools that include a job referral engine, automated resume writing tool, personalized feedback on job searches, and recommends training options.

- The Focus/Explorer Portal provides job seekers with real-time information on careers, skills, certifications, and qualifications being sought by employers for in-demand jobs within the respective local labor markets.
- The Focus/Talent Portal builds a detailed database of the skills job seekers can provide to meet the needs of local and regional employers, providing those employers with intelligent searching, automated job seeker referrals, and automated screening interviews.
- The Focus/Assist application allows staff members to assist users of the Focus/Talent and Focus/Career modules by accessing their account information, creating new accounts on their behalf, and managing request and approval queues.
- The Labor/Insight tool provides users real-time access to a comprehensive database of demand data, including labor market information, on national, state and regional levels.

The agency indicates that the Labor/Insight module is currently up and running, and that full implementation of the system is projected for calendar year 2016.

- b. Nevada System of Higher Education (NSHE) Nursing Grant (\$75,000 in FY 2016). The NSHE Nursing Grant provides matching funds for the administration of the Robert Wood Johnson Foundation grant to support a nurse residency program. The program focuses on assisting Associate Degree Nurses to return to school to obtain at least a baccalaureate degree. This is a new program that was established during the interim.
- c. Veterans and Seniors Business Loan grant program (\$100,000 in each year). The existing Veteran's and Seniors Business Loan grant program provides grants to nonprofit entities to make loans to veterans and senior citizens to start small businesses pursuant to NRS 612.607.
- d. Silver State Works program (\$300,000 in each year). The existing Silver State Works program provides funding for employer-based training, an employer incentive job program, and incentive-based employment. Clients may be selected to participate in the program if they are residents of the state within the local job market, seeking full-time employment, eligible to work in the U.S., and meet one or more of the following: UI claimant or exhaustee; ex-offender; Temporary Assistance for Needy Families recipient; older youth 18-21 years of age; person with a disability; or military service veteran or active for a minimum of 180 days. Employers located and registered to do business in Nevada are eligible to participate in the program. The success of the program is measured by employment outcomes and employment retention. In response to follow up from the budget hearing, the agency provided information that reflects an average of 90 percent of participants secured employment, and 96 percent of participants retained employment in the third quarter after participation for FY 2014.

Does the Subcommittee wish to approve wage assessment revenues of \$607,787 in FY 2016 and \$532,787 in FY 2017, as amended by the Governor, to provide services to fund the client services contracts in Decision Unit E-244?

The Subcommittee voted to approve wage assessment revenues of \$607,787 in FY 2016 and \$532,787 in FY 2017, as amended by the Governor, to provide services to fund the client services contracts in Decision Unit E-244.

Other Closing Items

1. Motor Pool Vehicles (E-225, DETR-46): The Executive Budget, as amended, recommends \$7,979 in FY 2016 and \$15,777 in FY 2017 to replace three agency owned vehicles with long-term leased

vehicles through Fleet Services. The recommendation would fund the expenditures with \$16,629 of federal funds, and a reduction of \$7,127 in operating costs over the 2015-17 biennium. The agency indicates that the leased vehicles are more cost efficient than purchasing new vehicles. **This recommendation appears reasonable.**

2. National Directory of New Hires (E-227, DETR-47): The Executive Budget, as amended, recommends New Hire Program revenue of \$122,400 in FY 2016 to fund the Mandatory Independent Verification and Validation of the National Directory of New Hires. The agency indicates that the verification/validation must be performed every three years. **This recommendation appears reasonable.**
3. Platform 2 Employment (E-248, DETR-49-50): The recommended budget amendment removes this decision unit, and the base budget has been adjusted to reflect the available revenue for the federal funds. The Governor initially recommended federal administrative cost allowance revenues of \$298,104 in each year of the 2015-17 biennium to meet the 10 percent reserve requirement of the Wagner Peyser Act to provide services to special populations. The funds were to be directed toward the Platform 2 Employment initiative, which will be fully funded in FY 2016 by federal National Emergency Grant funds. **This recommendation appears reasonable.**
4. Replacement Equipment (E-710, DETR-51): The Executive Budget, as amended, recommends \$127,052 in FY 2016 and \$58,754 in FY 2017 for replacement equipment. The decision unit is funded with federal funds and wage assessment revenue. The request includes 12 desktop computers, 4 laptop computers, 61 printers, 19 fax machines, 1 interactive whiteboard, wireless headsets and headphones, telephones, 1 teletype machine, and software. In response to an inquiry from Fiscal staff, the agency indicates that the fax machine costs should be reduced from \$3,887 per machine to \$252 per machine, and that the 4 fax machines for the UI program can be deferred. A technical adjustment has been made to reduce the number of fax machines to 15 at \$252 each, resulting in a reduction of \$70,073 in federal funds over the biennium. **This recommendation appears reasonable with the technical adjustment noted by staff.**
5. New Equipment (E-720, DETR-51): The Executive Budget, as amended, recommends federal UI grant funds of \$6,451 in FY 2016 to purchase a flat screen monitor, television, and 24 keyboard trays. In response to an inquiry from Fiscal staff, the agency indicates that the flat screen monitor and television can be deferred. A technical adjustment has been made to remove these items, resulting in a reduction of \$451 in federal funds in FY 2016. **This recommendation appears reasonable with the technical adjustment noted by staff.**
6. Cost Allocation (M-800/E-800, DETR-45-46,52): Including the adjustments made in the base budget, the amended version of The Executive Budget will recommend a decrease in cost allocation expenditures of \$1.4 million for FY 2016 and \$1.3 for FY 2017 compared to the base year. The agency's total requested cost allocation expenditures are \$12.2 million for FY 2016 and \$12.3 million for FY 2017, as compared to \$13.6 million paid in FY 2014. This is a 10.2 percent decrease below the base year for FY 2016 and a 9.3 percent decrease for FY 2017. **This recommendation appears reasonable.**

Staff recommends approval of the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Items 4 and 5, and with authority for Fiscal staff to make other technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Items 4 and 5, and with authority for Fiscal staff to make other technical adjustments as necessary.

Title: DETR - EMPLOYMENT SECURITY - SPECIAL FUND
 Account: 235 - 4771

Budget Page: DETR-55, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	952,268	3,177,591	233.69	1,552,282	(51.15)	1,287,653	(17.05)
FEDERAL FUND	2,454,249	7,044,663	187.04	150,000	(97.87)		
INTERAGENCY TRANSFER	1,500						
OTHER FUND	1,243,488	1,400,091	12.59	1,360,957	(2.80)	1,360,957	
Total Revenues	4,651,505	11,622,345	149.86	3,063,239	(73.64)	2,648,610	(13.54)

Total FTE

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E236	00	3500	Establish \$8.0 million in federal Reed Act authority for remaining UInv contract deliverables as approved by the Subcommittee	8,000,000	
Sub-total				8,000,000	0
Line Item Changes to Revenues				8,000,000	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E236	77	7000	Establish \$8.0 million in authority for remaining UInv contract deliverables as approved by the Subcommittee	8,000,000	
Sub-total				8,000,000	0
Line Item Changes to Expenditures				8,000,000	0

Total				0	0
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Grand Total General Fund Impact of Closing Changes				0	0
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Overview

The Employment Security Special Fund, authorized by NRS 612.615, covers the costs of administering employment security laws that may not be charged against federal grants. The sources of revenue for this fund are interest and forfeitures collected from employers for late or non-payment of unemployment taxes. Additionally, federal funds for special projects such as UI Modernization (UInv) are included in this budget. The Employment Security Division utilizes the fund to support the maintenance and construction of agency-owned buildings, contract services for outside legal counsel authorized in NRS 612.745, technological enhancements to programs for which federal funds are not available, and any other program deemed necessary to ensure proper payment of benefits.

Major Closing Issues

1. Unemployment Insurance Modernization Project (UInv)
2. Acceptance of Credit Card Payments
3. Unemployment Insurance (UI) Administration

Discussion of Major Closing Issues

1. **Unemployment Insurance Modernization Project (UInv) (E-236, DETR-57)**: The Governor recommends transferring reserved penalty and interest revenue of \$160,000 in each fiscal year to the Information Development and Processing budget to support MSA contract costs. The contract position would maintain and support UInv applications, including necessary programming efforts. The agency indicates that existing staff cannot support these efforts, and therefore, contract staff is necessary to support critical and complex technical portions of the system. In response to follow up questions from the March 18, 2015, budget hearing, the agency further indicated that contract staff is necessary for three primary reasons. First, the system utilizes certain hardware and software technologies that require a level of product expertise that is beyond the skill set of internal staff. Second, contract staff would be utilized to accomplish system enhancements and modifications that may be necessary if changes are required by the federal government. Lastly, services may be required from contract staff that were directly responsible for designing, coding and /or implementing a particular component of the system. Additionally, the agency indicates that for these reasons, it is anticipated that contract staff will continue to be necessary beyond the 2015-17 biennium.

UInv System Implementation: Funding for the UInv system was initially approved by the 2009 Legislature to replace the 30-year-old UI tax and benefit system used to process wage, contribution and benefit information. Federal Reed Act funding was approved to implement the UInv system, and the state awarded a contract to Capgemini in May 2010, to begin work on the new system design and implementation. The system provides for online access to UI reporting; payment and claim information; initial and weekly claims filing; and the ability to update and communicate information directly by employers and claimants. Over the past several years, the agency has been working with the project vendor to fully implement the UInv system and has experienced several project delays throughout the process. Initially, the project was expected to be implemented in May 2013. The UInv Benefits application went live in September 2013, and in July 2014, the agency implemented the UI Appeals application.

The final implementation phase of the project will include the UI Contributions/Tax module. The agency indicates that they are currently working with the vendor on testing efforts and the final data conversion preparation. In response to an inquiry from Fiscal staff, the agency indicates that the July/August 2015, timeframe is targeted for the final implementation. The agency has identified 21 remaining project deliverables at a value of \$8.8 million, and indicates that the majority of the project deliverables will be billed in FY 2016 rather than in FY 2015 as previously authorized. In response to follow up questions from the budget hearing, the agency indicates that \$8.0 million in remaining project deliverables is anticipated to be invoiced by the vendor in FY 2016. **Fiscal staff recommends that the Subcommittee increase federal Reed Act grant authority by \$8.0 million in FY 2016, with an equal augmentation to the UInv expenditure category to potentially eliminate the need for the agency to submit a work program for consideration by the Interim Finance Committee (IFC).** This budget had \$10.1 million of federal Reed Act grant authority remaining at the close of FY 2014, and has drawn \$409,811 in FY 2015 as of April 12, 2015.

There are two items for consideration by the Subcommittee relating to the UInv system.

First, does the Subcommittee wish to approve the Governor's recommendation to transfer \$160,000 of reserved penalty and interest revenue in each year of the 2015-17 biennium to the Information Development and Processing budget for MSA contractor costs to support the UInv system?

Second, does the Subcommittee wish to approve an increase to federal Reed Act grant authority by \$8.0 million in FY 2016 (unexpended FY 2015 authority), with an equal augmentation to the UInv

expenditure category to provide the necessary authority for the remaining contract deliverables for the final phase of the UInV implementation?

The Subcommittee voted to approve the Governor's recommendation to transfer \$160,000 of reserved penalty and interest revenue in each year of the 2015-17 biennium to the Information Development and Processing budget for MSA contractor costs to support the UInV system; and to increase federal Reed Act grant authority by \$8.0 million in FY 2016 (unexpended FY 2015 authority), with an equal augmentation to the UInV expenditure category to provide the necessary authority for the remaining contract deliverables for the final phase of the UInV implementation.

2. Acceptance of Credit Card Payments (E-226, DETR-56): The Governor recommends \$65,700 in each fiscal year to cover the estimated transaction fees from accepting credit card payments from claimants for overpayments. The decision unit is funded with \$7,500 in new fee revenue annually, with the remaining amount of \$58,200 funded through a reduction to the budget's reserve. The budget was constructed assuming that the agency would assess a \$2.50 per transaction fee to claimants who submit credit card payments, and the agency is projecting 3,000 transactions with an average of \$21.90 in convenience fee expenditures paid to the credit card companies per transaction. Fiscal staff notes that as recommended, the implementation of accepting credit card payments will cost the state \$58,200 per year as the estimated annual transaction fees charged to the state of \$65,700 exceed the estimated fee revenue of \$7,500.

In subsequent information, the agency indicates that the recommendation would allow for the acceptance of credit cards from both claimants for overpayments and employers for tax payments. The agency also indicates that employers would be charged a rate of 1.9 percent of the payment transaction plus a \$0.20 fee per transaction, as compared to the \$2.50 per transaction fee upon which the budget was built. Claimants would still be assessed the flat \$2.50 fee per transaction. In response to an inquiry from Fiscal staff, the agency indicates that the intent is to have a revenue neutral, or break even scenario regarding the acceptance of credit card payments. The agency further indicates that accepting credit card payments is an unknown activity to the division, so revenue from the employer assessment of 1.9 percent of the payment transaction plus a \$0.20 fee per transaction cannot be projected. As such, the division has not requested a revision to this enhancement decision unit, but has indicated they would submit a work program during the interim if additional authority was necessary. The agency indicates that the UInV system functionality would allow acceptance of credit card payments from claimants or employers, or a combination of both.

The agency does not currently accept credit card payments; however, they anticipate offering the method of payment as the functionality is included in the UInV system. The agency indicates that the credit card functionality provides claimants and employers an alternative option to satisfy their debt, and as such, increases opportunities for the collection of monies owed to the state. In addition, the agency indicates that they have received requests from claimants to make credit card payments, but have not received requests from employers. Based on the UInV system implementation timeline, the agency indicates the earliest credit card payments could be accepted is January 2016.

Per NRS 353.1465, state agencies are allowed to accept credit card payments; however, the total amount of fees charged by the state agency must not exceed the total amount of convenience fees charged to the state agency by the issuer or operator of the credit card company within that fiscal year. Agencies that charge fees to accept credit card payments are required to ensure that they do not profit from doing so, and are required to track information for each individual credit card company from which a payment has been received to ensure compliance. The agency indicates that quarterly monitoring of the transactions would be completed so that any necessary adjustments to the rate charged could be

made to ensure the division is in compliance with NRS 353.1465. Fiscal staff notes that such an adjustment within a fiscal year could create an inequity issue. For instance, if the rate/fee charged to claimants and/or employers was reduced within a fiscal year, there would be the potential that certain claimants and/or employers would be charged a higher rate/fee early in the fiscal year, and that a reduced rate or no fee be charged to claimants and/or employers making payments later in the same fiscal year.

Fiscal staff notes that the Department of Administration has committed to studying the acceptance of credit cards and allowing state agencies to charge a convenience fee from a statewide perspective over the 2015-16 Interim given the budgetary impacts to the agencies with a significant volume of credit card transactions (e.g., Department of Motor Vehicles and Secretary of State).

The Subcommittee may wish to consider the following:

- a) **Approve the Governor’s recommendation to establish \$7,500 in new fee revenue and reduce reserves by \$58,200 in each year of the biennium for the purpose of authorizing the Employment Security Division to accept credit card payments from claimants and employers, and require the agency to monitor the activity quarterly.**
- b) **Approve the Governor’s recommendation to establish \$7,500 in new fee revenue and reduce reserves by \$58,200 in each year of the biennium for the purpose of authorizing the Employment Security Division to accept credit card payments, but limit the acceptance of such payments to only claimants that would be charged a flat fee, and require the agency to monitor the activity quarterly.**
- c) **Not approve the Governor’s recommendation to establish \$7,500 in new fee revenue and reduce reserves by \$58,200 in each year of the biennium for the purpose of authorizing the Employment Security Division to accept credit card payments from claimants and employers, which would allow the agency to consider the results of the Department of Administration’s review of the issue on a statewide basis to determine if the acceptance of credit cards should be included in the agency’s 2017-19 budget request.**

The Subcommittee voted to approve the Governor’s recommendation to establish \$7,500 in new fee revenue and reduce reserves by \$58,200 in each year of the biennium for the purpose of authorizing the Employment Security Division to accept credit card payments from claimants and employers, and require the agency to monitor the activity quarterly under option “a”.

- 3. Unemployment Insurance (UI) Administration (E-241, DETR-57): The Governor recommends reserve reductions of \$1.1 million over the biennium to offset a portion of the anticipated reduction in federal UI grant funding in the Employment Security Division (ESD) budget. The agency indicates that the transferred funds will be used to support the administration of the UI program and pay for ten intermittent positions for the ESD. The intermittent positions are discussed in companion Decision Unit E-241 in the ESD budget under Major Closing Issue 3.

As noted in the overview, the Special Fund budget is used to cover the costs of administering employment security laws that may not be charged against federal grants. The fund is not intended to be used for ongoing support of ESD operations; however, funding has been used in the past to address operational needs and supplant federal funding. The agency received approval from the Interim Finance Committee to transfer funds from the Special Fund to the ESD budget in FY 2014 and FY 2015 to support UI administrative expenditures as the result of a reduction in federal UI grant funding and the discontinuation of the Emergency Unemployment Compensation program. The transfer and use of the

funds was intended to be a temporary solution to allow ESD to ramp down its operational costs while experiencing federal funding reductions. The agency transferred \$1.3 million in FY 2014 and has transferred \$990,174 in FY 2015 to date to the ESD budget for this purpose. In response to an inquiry from Fiscal staff, the agency indicates that the use of reserves to support UI administrative costs is not anticipated beyond the 2015-17 biennium.

The Governor’s recommended reserve levels are \$1.3 million in FY 2016 and \$1.0 million in FY 2017, compared to an ending reserve balance of \$3.2 million in FY 2014 and a projected ending reserve balance of \$2.2 million in FY 2015. The following table reflects the historical ending reserve balance in this budget since FY 2010.

Employment Security Special Fund Ending Reserve Balance							
2010 (Actual)	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 (Projected)	2016 (Gov Rec)	2017 (Gov Rec)
\$ 3,108,528	\$ 3,702,939	\$ 4,201,521	\$ 4,129,858	\$ 3,177,591	\$ 2,247,310	\$ 1,287,653	\$ 1,010,237

As depicted in the table, the reserve has continued to decline since FY 2012. If the reserve continues to be drawn down, the agency may not have sufficient funding to support unanticipated expenditures that may arise due to another downturn in the economy. During the budget hearing, the agency testified that the budgeted level of reserves are sufficient, but that they are at the minimum desired level for the fund.

The Subcommittee should close this item consistent with its action taken in companion Decision Unit E-241 in the Employment Security Division budget.

Does the Subcommittee wish to approve the Governor’s recommendation to transfer \$1.1 million of reserved penalty and interest revenue from this budget to the Employment Security Division budget to support the administration of the Unemployment Insurance program?

The Subcommittee voted to approve the Governor’s recommendation to transfer \$1.1 million of reserved penalty and interest revenue from this budget to the Employment Security Division budget to support the administration of the Unemployment Insurance program.

Other Closing Item

B&G Maintenance (E-730, DETR-57-58): The Governor recommends to use reserve funds of \$802,300 over the biennium to fund maintenance costs of agency-owned buildings. Maintenance includes exterior and interior painting, maintenance to parking lots, plumbing repairs, bathroom fixture replacements, installation of security cameras, and other general facility maintenance. **This recommendation appears reasonable.**

Staff recommends approval of the Other Closing Item as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Item as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

Title: DETR - EQUAL RIGHTS COMMISSION
 Account: 101 - 2580

Budget Page: DETR-62, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	398,450	418,900	5.13	441,193	5.32	441,568	0.08
GENERAL FUND	995,968	995,137	(0.08)	1,097,159	10.25	1,170,448	6.68
OTHER FUND	1,160	1,200	3.45	1,200		1,200	
REVERSIONS	(164,447)						
Total Revenues	1,231,131	1,415,237	14.95	1,539,552	8.78	1,613,216	4.78
Total FTE		16.00		17.00		17.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Nevada Equal Rights Commission (NERC), established pursuant to NRS 233.030, oversees the state's equal employment opportunity program, providing mediation, investigation and resolution of employment discrimination complaints related to race, religion, color, age, sex, disability, sexual orientation, gender identity or expression or national origin. The NERC also has jurisdiction over discrimination in housing and places of public accommodation. The NERC is headed by an administrator and guided by five Governor-appointed board members. Funding for NERC comes mainly from General Fund appropriations, but federal funding is also provided through a contract with the federal Equal Employment Opportunity Commission.

Major Closing Issue

New Chief Compliance Investigator Position

Discussion of Major Closing Issue

New Chief Compliance Investigator Position (E-226, DETR-64): The Governor recommends General Fund appropriations of \$129,041 over the 2015-17 biennium for a new Chief Compliance Investigator position and associated operating costs. The agency indicates that the position would specialize in the

investigation of complaints of discrimination and to address rising concerns of bullying cases within Nevada schools, specifically within Clark and Washoe Counties. In collaboration with Nevada schools, the position would complete investigations, mediations and outreach where minors are concerned. Additionally, the agency indicates the position would be located in Southern Nevada and provide outreach and training on a quarterly basis as a preventative effort to reduce discrimination in schools. During the budget hearing on March 18, 2015, the agency testified that the training would be provided statewide and focus on the prevention of bullying and discrimination based on race, sexual orientation, religion and gender identity. Based on the proposed activities for the position, it appears that the position costs would not be eligible for federal funding as the work is beyond the federally mandated areas for which funds can be used. The following table shows the current staffing for the NERC:

Nevada Equal Rights Commission Current Staffing Levels		
Title	FTE	Location
Division Administrator	1	Las Vegas
Chief Compliance Investigator	1	Las Vegas
Supervisory Compliance Investigator	1	Las Vegas
Compliance Investigator II	7	Las Vegas
Compliance Investigator II	2	Reno
Administrative Assistant	3	Las Vegas
Administrative Assistant	1	Reno

When asked why the recommendation is for a Chief Compliance Investigator (grade 35) as opposed to a Supervisory Compliance Investigator (grade 34) or Compliance Investigator II position (grade 32), the agency testified during the budget hearing that a Chief level position was recommended due to the sensitive nature of responding to complaints by minors, including the potential need to contact witnesses for the cases whom may also be minors. Additionally, the agency testified that the two public accommodation cases within Nevada schools that were received in 2014 both rose to the level of litigation, and that a Chief level position with a special focus on minors is preferred.

In addition to the focus on discrimination in schools, the agency indicates that should the need arise, the position would investigate complaints of discrimination in housing and public places, conduct intake appointments and perform mediations to settle disputes. It does not appear that the agency is expecting an increase in the public accommodation caseload, but rather aligning staff levels in case an increase in workload occurs. The agency indicates that 39 public accommodation cases were received in 2014, of which, two were within Nevada schools. The NERC indicates that existing staff have been able to address the current caseload; however, they would not be able to efficiently absorb a sudden increase in cases without the new position. During the budget hearing, the agency testified although unable to predict the number of public accommodation cases relating to bullying or discrimination within Nevada schools, given the nature of the topic, the agency wants to ensure resources to address such complaints are available.

Fiscal staff notes that NRS 388.1343 requires each school to establish a school safety team, which conducts investigations into instances of bullying. The NERC indicates that the position would work as a partner with the schools to provide relevant training and outreach in that regard. The Executive Budget also includes \$12.3 million in FY 2016 and \$24.6 million in FY 2017 to support the Governor’s Major Budget Initiative to create a new Safe and Respectful Schools Office within the Nevada Department of Education to “work directly on safe and respectful learning environment issues” and establish programs and training to prevent, identify and report incidents of bullying (MAJOR BUDGET INITIATIVE-10). The NERC has indicated that the position would work as a partner with the Safe and Respectful Schools Office, if approved, in its role to provide relevant training and outreach.

Does the Subcommittee wish to approve the Governor's recommendation to fund one new Chief Compliance Investigator position and associated operating costs with General Fund appropriations totaling \$129,041 over the 2015-17 biennium?

The Subcommittee voted to approve the Governor's recommendation to fund one new Chief Compliance Investigator position and associated operating costs with General Fund appropriations totaling \$129,041 over the 2015-17 biennium.

Other Closing Items

1. Replacement Equipment (E-710, DETR-65): The Governor recommends General Fund appropriations of \$425 in FY 2016 and \$4,869 in FY 2017 to replace two laptop computers with docking stations, a network printer, a television, a DVD player, and software. **This recommendation appears reasonable.**
2. Cost Allocation (M-800/E-800, DETR-64,65-66): Including the adjustments made in the base budget, the Governor recommends an increase in departmental cost allocation expenditures of \$44,718 for FY 2016 and \$59,199 for FY 2017 compared to the base year. The agency's total requested cost allocation expenditures are \$224,582 for FY 2016 and \$239,063 for FY 2017, as compared to \$179,864 paid in FY 2014. **This recommendation appears reasonable.**
3. New Division Number: The agency is requesting that the NERC have a unique division number (903) to represent and separate Employment, Housing and Public Accommodation budget activity. The activity and this budget are included in the DETR Administration Division (908) in the current biennium. The agency indicates that NERC's operations are not administrative in nature and therefore, it would be appropriate to establish a separate and distinct division number. **This recommendation appears reasonable.**

Staff recommends approval of the Other Closing Items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

**Nevada Legislative Counsel Bureau
Budget Closing Action Report
Senate Committee on Finance and
Assembly Committee on Ways and Means
W02 - GOVERNOR RECOMMENDS**

Title: DETR - ADMINISTRATION
Account: 101 - 3272

Budget Page: DETR-75, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(99,101)	450,293	(554.38)	450,293		450,292	(0.00)
INTERAGENCY TRANSFER	5,656,220	5,701,240	0.80	5,333,161	(6.46)	5,201,660	(2.47)
Total Revenues	5,557,119	6,151,533	10.70	5,783,454	(5.98)	5,651,952	(2.27)
Total FTE		64.51		54.51		54.51	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E600	00	4231	Reduce cost allocation revenue for a revision to the purchase of retirement service credits and payout of terminal leave based on information from the agency.	(36,244)	
E710	00	4231	Reduce cost allocation revenue for removal of costs for two replacement desktop PCs for two positions eliminated in decision unit E600		(2,914)
E905	00	4231	Reduce cost allocation revenue to transfer the costs of the replacement desktop PCs and software for the two positions recommended for transfer to the Research and Analysis budget.	(1,457)	(1,457)
Sub-total				(37,701)	(4,371)
Line Item Changes to Revenues				(37,701)	(4,371)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E600	01	5000	Reduce amount budgeted for the purchase of retirement service credits and payout of terminal leave based on revised information from the agency.	(36,244)	
E710	26	7000	Remove costs for two replacement desktop PCs for two positions eliminated in decision unit E600		(350)
E710	26	8000	Remove costs for two replacement desktop PCs for two positions eliminated in decision unit E600		(2,564)
E905	26	7000	Transfer costs of replacement software for the two positions recommended for transfer to the Research and Analysis budget.	(175)	(175)
E905	26	8000	Transfer costs of replacement desktop PCs for the two positions recommended for transfer to the Research and Analysis budget.	(1,282)	(1,282)
Sub-total				(37,701)	(4,371)
Line Item Changes to Expenditures				(37,701)	(4,371)

Total	0	0
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Grand Total General Fund Impact of Closing Changes	0	0
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Overview

Administrative Services for the Department of Employment, Training and Rehabilitation (DETR) provides leadership, direction and support in planning, implementing, coordinating and evaluating the various services and activities of the department to meet state and federal program goals and assist in the ongoing

development of the workforce investment system of Nevada. The budget is funded by cost allocations from other DETR budget accounts.

Major Closing Issue

Position Eliminations

Discussion of Major Closing Issue

Position Eliminations (E-600, DETR-77-78): The Governor recommends a reduction of \$447,523 in FY 2016 and \$561,763 in FY 2017 in personnel and operating costs, with an equal reduction to the cost allocation revenue in this budget for the elimination of the following eight positions beginning July 1, 2015:

- Deputy Administrator (Workforce Solutions Unit)
- Two ESD Program Specialists (Workforce Solutions Unit, General Administration)
- Three Administrative Assistants (Human Resources, General Administration, Fiscal Management)
- Accounting Assistant (Fiscal Management)
- Accountant Technician (Fiscal Management)

The agency indicates that the position eliminations are necessary to reduce expenditures in response to declining Unemployment Insurance Grant funding. The division anticipates reduced funding and expenditures in the Employment Security Division (ESD) budget, which would directly impact the level of administrative services necessary to support that budget. The reduction in UI Grant funding is discussed in detail in the closing document for the ESD budget.

The division indicates that two of the position eliminations are part of the dissolution of the Workforce Solutions Unit (WSU) in this budget. By way of background, the 2013 Legislature approved the transfer of the WSU, including five positions, to this budget from the ESD budget. The WSU provides administrative support and program analysis for the statewide Industry Sector Councils and serves as a liaison between the sector councils, the department, and other stakeholders to monitor the alignment of the department's workforce investment initiatives with the Governor's Office of Economic Development's (GOED) goals. The transfer to the Administration budget was approved as the WSU provides support and information across the department, including grants management for the department and employment strategies for the Vocational Rehabilitation program. In addition, the Governor recommends the transfer of an ESD Program Specialist and an Administrative Assistant position from this budget to the Research and Analysis budget, as discussed under Other Closing Item 4. The division indicates that the WSU is being dissolved through the recommended position eliminations and transfers. However, a Grants Projects Analyst that is currently assigned to the WSU would remain in the Administration budget.

Of the eight positions proposed for elimination, the agency indicates six will be vacant and the two ESD Program Specialists will remain filled through the end of FY 2015. The recommendation includes \$104,493 in FY 2016 for the purpose of purchasing employee retirement service credits pursuant to NRS 286.3007, and for the payout of terminal leave. However, in response to an inquiry from Fiscal staff, the agency indicates that the amount can be reduced by \$36,244 to \$68,249 due to the reduction in the number of positions filled in the decision unit since the time the budget was built. A technical adjustment has been made to the decision unit to reflect the revised amount of \$68,249 for this purpose, and is reflected in this closing document.

Does the Subcommittee wish to approve the elimination of a Deputy Administrator, two ESD Program Specialists, three Administrative Assistants, an Accounting Assistant, and an Accountant Technician position as recommended by the Governor, with the technical adjustment noted by staff to reduce the purchase of retirement service credits and payout of terminal leave, resulting in a reduction of \$1.0 million in cost allocation revenues over the 2015-17 biennium?

The Subcommittee voted to approve the elimination of a Deputy Administrator, two ESD Program Specialists, three Administrative Assistants, an Accounting Assistant, and an Accountant Technician position as recommended by the Governor, with the technical adjustment noted by staff to reduce the purchase of retirement service credits and payout of terminal leave, resulting in a reduction of \$1.0 million in cost allocation revenues over the 2015-17 biennium.

Other Closing Items

1. **New Constituent Management System (E-228, DETR-77)**: The Governor recommends cost allocation revenues of \$5,000 in each fiscal year to support DETR's license costs to use the Simplicity Voice and Data Hosted IP Content Management System. The system provides state agencies with a tool to respond to and track constituent matters, inquiries and issues. **This recommendation appears reasonable.**
2. **Motor Pool Vehicle (E-230, DETR-77)**: The Governor recommends \$2,616 in FY 2016 and \$5,172 in FY 2017 for a long-term lease vehicle through the Motor Pool Division in Northern Nevada. The agency indicates that the vehicle would eliminate the need for rental car/motor pool rentals when senior management travels to Northern Nevada. **This recommendation appears reasonable.**
3. **Replacement Equipment (E-710, DETR-78)**: The Governor recommends cost allocation revenue of \$30,462 in FY 2016 and \$37,376 in FY 2017 for replacement equipment. The request includes 40 desktop computers, 3 laptop computers, 3 printers, 46 surge protectors, and Adobe Acrobat software.

The agency indicates that 2 desktop computers can be removed if Major Issue 1 (E-600) is approved, as the replacements were for positions recommended for elimination. The removal of the 2 desktop computers and associated software would result in a reduction of \$2,914 in cost allocation revenue in FY 2017, with an equal reduction to the Information Services expenditure category. **Fiscal staff requests authority to make a technical adjustment to the E-710 decision unit based on the closing actions of the Subcommittee.**

4. **Position Transfers (E-905, DETR-79)**: The Governor recommends the transfer of an ESD Program Specialist and an Administrative Assistant position from this budget to the Research and Analysis budget. The costs recommended to be transferred total \$142,453 in FY 2016 and \$146,871 in FY 2017. The two positions are currently assigned to the Workforce Solutions Unit (WSU). As noted under the Major Closing Issue, the division indicates that the transfer is necessary as part of the effort to restructure the functions remaining from the dissolution of the WSU in the Administrative Services Division, and to realign the positions in their efforts to support the Governor's Workforce Investment Board and its Sector Councils. Specifically, the agency testified during the March 18, 2015, budget hearing that the Sector Councils are most effective when driven by labor market information, and as such, the positions would be more appropriately budgeted in the Research and Analysis budget.

The agency indicates that 2 desktop computers scheduled for replacement in Other Closing Item 3 are for the two positions recommended for transfer to the Research and Analysis budget. Fiscal staff has made a technical adjustment to this decision unit to transfer the replacement computer costs of \$1,457 in each year of the 2015-17 biennium to the Research and Analysis budget as part of the position transfers, if approved. **This recommendation appears reasonable with the technical adjustment noted by staff.**

Staff recommends approval of the Other Closing Items as recommended by the Governor, with the technical adjustment noted in Item 4, and with authority for Fiscal staff to make other technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with the technical adjustment noted in Item 4, and with authority for Fiscal staff to make other technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Senate Committee on Finance and
 Assembly Committee on Ways and Means
 W02 - WORKING VERSION 2

Title: DETR - INFORMATION DEVELOPMENT AND PROCESSING
Account: 101 - 3274

Budget Page: DETR-81, Volume II

Revenues	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
			Chg		Chg		Chg
BALANCE FORWARD	250,213	667,318	166.70	467,318	(29.97)	467,321	0.00
INTERAGENCY TRANSFER	12,020,449	12,233,675	1.77	11,304,753	(7.59)	11,635,947	2.93
Total Revenues	12,270,662	12,900,993	5.14	11,772,071	(8.75)	12,103,268	2.81
Total FTE		58.00		56.00		56.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E600	00	4232	Reduce cost allocation revenue for elimination of the purchase of retirement service credits and payout of terminal leave	(89,343)	
E710	00	4232	Reduce cost allocation revenue to eliminate four desktop PCs that were replaced in the current biennium.	(5,032)	
E720	00	4232	Reduce cost allocation revenue based on revised contract/vendor costs	(13,919)	(25,119)
Sub-total				(108,294)	(25,119)
Line Item Changes to Revenues				(108,294)	(25,119)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E600	01	5000	Eliminate the purchase of retirement service credits and payout of terminal leave as the incumbent is retiring in May 2015.	(89,343)	
E710	26	8000	Eliminate four desktop PCs that were replaced in the current biennium.	(5,032)	
E720	26	7000	Revised contract/vendor costs for E720	3,131	(8,069)
E720	26	8000	Revised contract/vendor costs for E720	(17,050)	(17,050)
Sub-total				(108,294)	(25,119)
Line Item Changes to Expenditures				(108,294)	(25,119)

Total	0	0
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Grand Total General Fund Impact of Closing Changes	0	0
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Overview

The Information Development and Processing Division provides information technology services for the Department of Employment, Training and Rehabilitation. The division oversees Nevada's workforce and rehabilitation information systems comprising automated business applications, online web services, and the technology infrastructure supporting Nevada's employers and job seekers. The division is organized into four primary functional areas: Information Systems Applications (ISA); Customer and Operations Support Services (COSS); Technical Services (TS); and Special Project and Quality Assurance (SPQA) Services. The division is funded through cost allocation reimbursement, transfers from Employment Security (for program-specific work performed) and direct charges for services.

Major Closing Issue

Position Eliminations

Discussion of Major Closing Issue

Position Eliminations (E-600, DETR-83): The Governor recommends the elimination of an IT Technician and an IT Professional position. This recommendation would result in a reduction of \$65,649 in FY 2016 and \$156,012 in FY 2017 in personnel and operating costs, with an equal reduction to the cost allocation revenue in this budget. The agency indicates that the position eliminations are necessary to reduce expenditures in response to declining Unemployment Insurance Grant funding. The division anticipates reduced funding and expenditures in the Employment Security budget, which would directly impact the level of IT services necessary to support that budget. The reduction in UI Grant funding is discussed in detail in the Employment Security budget closing document.

The agency indicates that the IT Professional position is currently filled. The recommendation includes \$89,343 in FY 2016 for the purpose of purchasing employee retirement service credits pursuant to NRS 286.3007, and for the payout of terminal leave. During the budget hearing on March 18, 2015, the agency testified that the incumbent is retiring in May 2015. Fiscal staff has made a technical adjustment to remove the \$89,343 in FY 2016 for the purchase of retirement service credits and payout of terminal leave, with an equal reduction to cost allocation revenue, which would result in net cost allocation revenue reductions of \$311,044 for the biennium.

Does the Subcommittee wish to approve the elimination of one IT Technician and one IT Professional position as recommended by the Governor, with the technical adjustment noted by staff to remove the purchase of retirement service credits and payout of terminal leave, resulting in a reduction of \$311,004 in cost allocation revenues over the 2015-17 biennium?

The Subcommittee voted to approve the elimination of one IT Technician and one IT Professional position as recommended by the Governor, with the technical adjustment noted by staff to remove the purchase of retirement service credits and payout of terminal leave, resulting in a reduction of \$311,004 in cost allocation revenues over the 2015-17 biennium.

Other Closing Items

1. **UI Modernization Maintenance and Support (E-236, DETR-83):** The Governor recommends \$160,000 in each fiscal year of the biennium to hire MSA contract programmer staff to maintain and support UI Modernization Project (UInv) applications, funded with a transfer of reserved Penalty and Interest revenues from the Employment Security Division's Special Fund budget. The agency indicates that it is necessary to hire contract staff to continue operations during the transition to the UInv maintenance phase. This item is discussed in further detail under the Major Issue in the Employment Security Division's Special Fund budget closing document. **This recommendation appears reasonable.**
2. **Replacement and New Equipment**
Replacement Equipment (E-710, DETR-84): The Governor recommends \$589,670 in FY 2016 and \$587,204 in FY 2017 for replacement software and equipment. The decision unit is funded with \$1.1 million in cost allocation revenue, transfers of \$57,422 from the Employment Security Division, and \$118 in New Hire Program revenue. The recommendation includes 41 desktop computers, 19 laptops, 6 printers, 40 surge protectors, 2 routers, 36 file/print servers, 35 network/Ethernet switches, 30 office chairs, 5 firewalls, 2 web filters, 61 network and server battery replacements, 40 fiber cards and various software purchases.

In response to an inquiry from Fiscal staff, the agency indicates that four of the desktop computers identified in the recommendation will be replaced in the current biennium, and as such, can be removed from the decision unit. Fiscal staff has made a technical adjustment to reduce equipment expenditures by \$5,032 in FY 2016 for the purchase of four desktop computers, with an equal reduction to cost

allocation revenue. During the budget hearing, the agency testified that the new and replacement equipment was needed to keep computing systems viable, and further indicated that the equipment was necessary to keep network and computing environments working to properly support Nevada's workforce applications. **With the technical adjustment noted, this recommendation appears reasonable.**

New Equipment (E-720, DETR-85): The Governor recommends \$397,165 in FY 2016 and \$795,903 in FY 2017 for new software and equipment. The agency indicates that the request will ensure that the department has sufficient storage to contain its daily business information, adequate networking capacity to support its business offices, and other products to safeguard information. The recommendation includes 20 network locking cabinets, 2 modular cabling systems, 24 server hard drives, network expansion hardware, 10 server switches, 12 backup expansions, 5 virtual desktop manager software, Oracle Exadata software and hardware, backup tapes, cabling, 5 data modelers, and a data storage unit.

In response to an inquiry from Fiscal staff, the agency has provided updated price quotes and clarification on a number of items within the decision unit resulting in necessary adjustments to correct costs. Fiscal staff has made a technical adjustment to equipment expenditures resulting in net reductions of \$13,919 in FY 2016 and \$25,119 in FY 2017, with an equal reduction to cost allocation revenue. **With the technical adjustment noted, this recommendation appears reasonable.**

Staff recommends that Other Closing Item 1 be closed consistent with the Subcommittee's closing action in the Employment Security Division's Special Fund budget, and that Other Closing Item 2 be closed as recommended by the Governor, with the technical adjustments noted by staff. Staff also requests authority to make other technical adjustments as necessary.

<p>The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Item 2, and with authority for Fiscal staff to make other technical adjustments as necessary.</p>

Title: DETR-NEVADA P20 WORKFORCE REPORTING
 Account: 101 - 3270

Budget Page: DETR-93, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
GENERAL FUND				1,190,164		1,171,427	(1.57)
Total Revenues				1,190,164		1,171,427	(1.57)
Total FTE				1.00		1.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E237	00	2501	Reduce General Fund appropriations transferred to NSHE to remove 0.10 FTE position costs that were budgeted in error and to align supported position costs with the DETR position in this budget.	(40,961)	(45,688)
Sub-total				(40,961)	(45,688)
Line Item Changes to Revenues				(40,961)	(45,688)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E237	25	7000	Reduce transfer to NSHE to remove 0.10 FTE position costs that were budgeted in error and to align supported position costs with the DETR position in this budget.	(40,961)	(45,688)
Sub-total				(40,961)	(45,688)
Line Item Changes to Expenditures				(40,961)	(45,688)

Total				0	0
Grand Total General Fund Impact of Closing Changes				(40,961)	(45,688)

Overview

The Executive Budget for the 2015-17 biennium recommends the establishment of a new Nevada P20 Workforce Reporting budget. The budget would support one position and operational costs associated with the implementation of Nevada’s State Longitudinal Data System, which is mandated pursuant to NRS 386.650. The costs of the new budget account are supported with General Fund appropriations.

Major Closing Issue

Establishment of the Nevada P20 Workforce Reporting Budget

Discussion of Major Closing Issue

Establishment of the Nevada P20 Workforce Reporting Budget (E-237, DETR-93): The Governor recommends General Fund appropriations totaling \$2.4 million over the 2015-17 biennium to establish the new Nevada P20 Workforce Reporting Program budget. The funding would be used to support one new IT Professional position, operating, and contract costs to integrate educational data with workforce data and to allow stakeholders to improve on workforce data-driven decision making in Nevada through a State Longitudinal Data System (SLDS). The recommended budget includes funding for the new position

beginning July 1, 2015, as compared to an October 1, 2015, date that is generally used for new positions. Additionally, the position is budgeted at a Step 10, or the highest tier, as compared to a Step 1 that is generally used for new positions. During the budget hearing on March 18, 2015, the agency testified that the system is scheduled for testing in May and June, and it is anticipated that the system will be live in July. As a result, the recommendation includes funding for the position beginning July 1, 2015, so that the position is filled as soon as the system is live. Regarding budgeting the position at a Step 10, the agency testified that due to difficulties in recruiting for similar positions, the recommendation would provide an additional incentive and allow the agency to be more competitive in attracting the level of worker needed in the position.

The agency indicates that work on the SLDS project is currently ongoing in conjunction with the Department of Education (NDE) and the Nevada System of Higher Education (NSHE), and that the position, if approved, would be hired to take the lead on the SLDS project at that time. As background information, NRS 386.650 requires the NDE to establish a longitudinal data system, which may include linking K-12 education data with higher education. The NDE was awarded a \$6.0 million federal grant in FY 2008, and an additional \$4.0 million federal grant in FY 2013 to implement a SLDS to link K-12 education data with higher education and Nevada workforce data. The three entities, NDE, NSHE and the Department of Employment, Training and Rehabilitation (DETR) have been working towards that goal.

The existing efforts of the DETR to help facilitate the implementation of a SLDS are included in the Information Development and Processing budget and are funded with a subgrant from the Department of Education. In response to an inquiry from Fiscal staff, the agency indicates that the existing subgrant cannot be used for sustainability efforts, which are recommended to be funded in this budget.

In addition to position and associated operating costs, the recommended funding for the budget includes the following expenditures to administer and continue the efforts for the system application:

Expenditure Description	FY 2016	FY 2017
Project Management and Development	\$ 551,350	\$ 567,890
Data Center Hosting and Hardware Refresh	\$ 29,700	\$ 29,700
Contractual Costs	\$ 82,299	\$ 84,509
Travel & Conference Costs	\$ 45,843	\$ 46,123
Transfer to NSHE	\$ 160,748	\$ 160,572
Total:	\$ 869,940	\$ 888,794

During the agency’s budget hearing on March 18, 2015, testimony indicated that the expenditures in the recommended budget were for maintenance and sustainability purposes only. However, backup materials indicate, and the department has confirmed, that the budget does include costs for development efforts as noted in the table above. Fiscal staff met with representatives from the agency, the NDE, and the Executive Budget Office on April 14, 2015. The agency provided clarification confirming that costs included in the budget are for the purpose of developing various potential new reports for stakeholders and required system maintenance and bug fixes once the system goes live. According to the agency, the system will not provide real time data, and any requests for information from the SLDS would require analysis and development to produce data and reports requested.

Furthermore, the agency indicated that the three primary stakeholders (NDE, NSHE and DETR) are responsible for maintaining their own data, but that the intent of this budget was to centralize the costs for the maintenance and sustainability of the SLDS, including the hub that connects the stakeholders. The feasibility study completed on the Nevada SLDS recommends that the hub be maintained by an

independent vendor, and as such the contractual costs within the budget are for the existing vendor (Center for Innovative Technology) to maintain hosting the infrastructure of the SLDS.

As part of centralizing costs for the system, the Governor's recommended budget includes travel and conference costs of \$11,200 in FY 2016 and \$11,480 in FY 2016 for four staff to attend the annual SLDS conference held in Washington, D.C. and for in-state travel for collaboration meetings for the stakeholders. The funding budgeted for travel and conference costs would be transferred from this budget to the agency budgets for staff from the Nevada Data Governance Committee that are not supported in this budget.

As noted in the table on the preceding page, the recommended budget includes \$160,748 in FY 2016 and \$160,572 in FY 2017 to reimburse the NSHE for their share of the expenses derived from the project. Included in the recommendation are costs to support one full-time position. The reimbursement transfer to NSHE is related to the centralization budgeting approach for costs of maintaining the system. Currently, NSHE receives a subgrant from the NDE for work that is being completed to get the system up and running, and NDE indicates that the funding source will not be available in the 2015-17 biennium for NSHE's efforts to maintain their data system relating to the project. The agency indicates that the transfer to NSHE was overstated in each year of the 2015-17 biennium by including costs for a 0.10 full-time equivalent (FTE) position that are not necessary. As such, Fiscal staff has made a technical adjustment to reduce the transfer to NSHE by \$21,378 in FY 2016 and \$21,315 in FY 2017, with an equal reduction to the General Fund appropriations in this budget. The agency indicates that NSHE would be reimbursed as work was completed in relation to the project, and that they intend on entering into an inter-local agreement with NSHE if the budget is approved. Fiscal staff notes that the NDE has indicated they will absorb the workload to maintain their data as part of this system, and as such, the budget does not include a General Fund transfer from this budget to support those efforts. In response to an inquiry from Fiscal staff, the NSHE indicates that existing resources could not absorb the efforts to maintain the system and that the funding recommended in the budget would be necessary for the 2015-17 biennium.

The NSHE position that is supported in the recommendation would provide the same level of services to maintain NSHE's data related to the system as is recommended for the full-time position for DETR that is included in this budget. However, Fiscal staff notes that the NSHE salary and fringe costs of \$252,720 over the 2015-17 biennium are \$43,956 higher than the DETR salary and fringe costs of \$208,764 over the biennium. Fiscal staff has made a technical adjustment to reduce the transfer to NSHE by an additional \$19,583 in FY 2016 and \$24,373 in FY 2017 to align the position costs that are supported among the two agencies. Fiscal staff also recommends that the transfer of General Fund appropriations be budgeted in the appropriate state-supported budget within NSHE, and that a distinct sub-function be identified so that the expenditures associated with the SLDS can be easily identified.

During the budget hearing, testimony was provided that the General Fund need for this budget will remain at the same level in the 2017-19 biennium, assuming that significant system enhancements or requirements are not necessary. The NDE indicated that an application is being submitted for the next round of SLDS grant funds, and the funds will be sought for efforts to add early childhood populations to the system. The NDE also indicated that if the federal funds were awarded, they could not be used to maintain an existing system.

Regarding governance of the system, NRS 400.040 requires that the P-20W Advisory Council provide oversight of the SLDS. While the Council is required to meet at least once each calendar quarter pursuant to NRS 400.035, there has not been a Council Meeting since April 9, 2013, according to the Council's website. Currently, the NDE, NSHE, and DETR are each providing oversight within their agencies in regards to maintaining the necessary data and in regards to responding to data requests. The three entities have also formed a working group to provide collective oversight for the SLDS. The Subcommittee may wish to consider issuing a letter of intent directing the NDE, NSHE, and DETR to enter

into inter-local agreements to outline and define their roles and responsibilities regarding the system and exchange of data, review the overall governance and oversight of the SLDS in the 2015-16 Interim, and to submit any suggested or necessary statutory changes regarding the SLDS, including governance changes, to the 2017 Legislature.

Does the Subcommittee wish to approve the new P20 Workforce Reporting budget as recommended by the Governor, with the technical adjustments noted by staff to reduce the transfer to the Nevada System of Higher Education resulting in a reduction of General Fund appropriations of \$40,961 in FY 2016 and \$45,688 in FY 2017, and with authority for staff to make other technical adjustments as necessary?

The Subcommittee voted to approve the new P20 Workforce Reporting budget as recommended by the Governor, with the technical adjustments noted by staff to reduce the transfer to the Nevada System of Higher Education resulting in a reduction of General Fund appropriations of \$40,961 in FY 2016 and \$45,688 in FY 2017, and with authority for staff to make other technical adjustments as necessary.

If the budget is approved, does the Subcommittee wish to direct Fiscal staff to work with the Nevada System of Higher Education and the Executive Budget Office to ensure that the transfer of General Fund appropriations from this budget is included in the appropriate state supported operating budget within the Nevada System of Higher Education?

The Subcommittee voted to direct Fiscal staff to work with the Nevada System of Higher Education and the Executive Budget Office to ensure that the transfer of General Fund appropriations from this budget is included in the appropriate state supported operating budget within the Nevada System of Higher Education.

Also, does the Subcommittee wish to issue a letter of intent directing the NDE, NSHE, and DETR to enter into inter-local agreements to outline and define their roles and responsibilities regarding the system and exchange of data, review the overall governance and oversight of the SLDS in the 2015-16 Interim, and to submit any suggested or necessary statutory changes regarding the SLDS, including governance changes, to the 2017 Legislature?

The Subcommittee voted to issue a letter of intent directing the NDE, NSHE, and DETR to enter into inter-local agreements to outline and define their roles and responsibilities regarding the system and exchange of data, review the overall governance and oversight of the SLDS in the 2015-16 Interim, and to submit any suggested or necessary statutory changes regarding the SLDS, including governance changes, to the 2017 Legislature.

Informational Item – No Action Required

To support this budget recommendation, Senate Bill 24, in part, would allow the ESD Administrator to make employment and wage information available to the Board of Regents to facilitate the required longitudinal data system intended to track the effectiveness of Nevada's K-12 and higher education systems in meeting the state's workforce needs. *Nevada Revised Statutes* 232.920 allows DETR to provide wage and employment data to NSHE to meet certain reporting requirements. However, the confidentiality requirements established in NRS 612.265, currently conflict with the ability for DETR to provide the data to NSHE. Senate Bill 24 clarifies that the confidentiality requirements do not apply to DETR for the purpose of complying with NRS 232.920. The Senate Committee on Commerce and Labor voted to amend and do pass the bill as amended. Senate Bill 24 was re-referred the bill to the Senate Committee on Finance on April 3, 2015.