SENATE COMMITTEE ON FINANCE AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS

JOINT SUBCOMMITTEE ON HUMAN SERVICES
CLOSING REPORT

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF WELFARE AND SUPPORTIVE SERVICES

The Joint Subcommittee on Human Services developed the following recommendations for the Division of Welfare and Supportive Services (DWSS). The closing recommendations of the Subcommittee resulted in General Fund reductions of $445,484 in FY 2016 and $1,553,963 in FY 2017 compared to the amounts included in The Executive Budget. The following comments describe the more significant recommendations of the Joint Subcommittee.

Welfare Administration (101-3228) DHHS-DWSS-12: The Subcommittee recommended approval of six of the seven new positions recommended by the Governor to address additional workload related to caseload increases. Instead of all positions starting in October 2015 as originally recommended, the Subcommittee recommended three positions to start in October 2015, with the remaining three to start in January 2016. The total funding for this recommendation is $3.0 million over the 2015-17 biennium, including General Fund appropriations of $1.2 million. The Subcommittee also recommended approval of the Governor's recommendation for the 2015-17 biennium of $1.1 million, of which $283,500 is General Fund appropriations, to implement a federally mandated electronic financial

Asset Verification System for Aged, Blind and Disabled Medicaid applicants and recipients. The Subcommittee recommended approval of the Governor's recommendation of $499,264, including a General Fund appropriation of $290,273 in FY 2017 for a document/content management system. The Subcommittee also recommended approval of the Governor's recommendation of $246,647, including General Fund appropriations of $78,953, over the biennium for a new unclassified deputy administrator.

TANF (101-3230) DHHS-DWSS-24: The Subcommittee recommended approval of the revised March 2015 caseload adjustments, which result in decreased TANF funding of $7.1 million in each year of the biennium. Considering the revised caseload adjustments, the agency estimates remaining TANF Block Grant funds of $18.1 million at the end of FY 2017.

Assistance to Aged and Blind (101-3232) DHHS-DWSS-27: The Subcommittee recommended approval of the March 2015 caseload and payment reprojections, resulting in General Fund appropriation decreases of $336,431 in FY 2016 and $319,418 in FY 2017 when compared to the Governor's recommendation. The Subcommittee recommended issuance of a letter of intent requiring the division to report to IFC prior to implementing the annual federal Supplemental Security Income cost-of-living payment changes scheduled for January 2016 and January 2017.

Field Services (101-3233) DHHS-DWSS-29: The Subcommittee recommended approval of 89 out of 139 new positions recommended in The Executive Budget. Additionally, the Subcommittee recommended that

17 of the new positions, or 20 percent, should be intermittent. After the agency's reevaluation of DWSS office capacity, it was determined that there was sufficient office space to absorb the recommended new positions. Accordingly, the Subcommittee did not recommend approval of two new offices as recommended in The Executive Budget. The Subcommittee recommended approval of the Governor's recommendation of $875,000, of which $399,206 is General Fund appropriations, in FY 2016 to increase the number of offices using a lobby management system from 10 to 20 offices and to purchase 50 medium-capacity scanners. The Subcommittee also recommended issuance of a letter of intent requiring the agency to submit a report biannually to the IFC concerning the status of the Supplemental Nutrition Assistance Program timeliness and quality control measures and any sanctions that may have resulted from failure to comply with federal application processing standards.

Child Support Enforcement Program (101-3238) DHHS-DWSS-37: The Subcommittee recommended approval of the Governor's recommendation for two Administrative Assistant and two Family Service Specialist positions funded with a combination of federal funds and state share of collection reserves totaling $435,102 over the biennium. The Subcommittee also recommended approval of the Governor's recommendation for a combination of federal funds and state share of collection reserves totaling $400,000 in each year of the biennium to replace the existing Collection and Distribution System with a new software solution. Finally, the Subcommittee recommended approval of the Governor's recommendation of $194,118 in federal funds and a $100,000 General Fund appropriation in FY 2017 for the initial planning and processing for a request for proposal to modernize the Child Support Enforcement component in the Nevada Operations of Multi-Automated Data Systems.

<u>Child Assistance and Development (101-3267) DHHS-DWSS-46</u>: The Subcommittee recommended approval of the Governor's recommendation of federal funds totaling $4.7 million in FY 2016 and $5.8 million in FY 2017 to support activities associated with issuing benefits to unserved clients. The Subcommittee recommended approval of the Governor's recommendation for federal funds of $1.1 million in each year of the biennium to provide childcare assistance for 240 additional children over the biennium in the At-Risk category.

<u>Energy Assistance Program (101-4862) DHHS-DWSS-51</u>: The Subcommittee recommended approval of the Governor's recommendation for Universal Energy Charge revenues totaling $302,111 in FY 2016 and $408,054 in FY 2017 to replace 25 contract staff with 9 full-time and 16 intermittent positions in order to maintain a more stable workforce, thereby enabling the agency to meet its goal of processing 95 percent of Energy Assistance applications within 60 days. The Subcommittee also recommended approval of a combination of federal Low Income Home Energy Assistance grant funds and Universal Energy Charge revenue totaling $3.8 million in FY 2016 and $4.5 million in FY 2017 to fund the projected caseload increase in eligible Energy Assistance recipients for the 2015-17 biennium as originally recommended in <u>The Executive Budget</u>.

The Subcommittee also recommended approval of all Other Closing Items within the DWSS budgets as recommended by the Governor with technical adjustments and authorized Fiscal staff to make technical adjustments as needed.

The Subcommittee recommended closing the following DWSS budget as recommended by the Governor with technical adjustments as needed:

Child Support Federal Reimbursement (101-3239) DHHS-DWSS-44

Division of Welfare and Supportive Services
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
AS CLOSED BY SUBCOMMITTEE:				
DHHS-DWSS-12	101-3228	Administration	(20,187)	(189,484)
DHHS-DWSS-24	101-3230	*TANF	-	-
DHHS-DWSS-27	101-3232	Assistance to Aged and Blind	(336,431)	(319,418)
DHHS-DWSS-29	101-3233	Field Services	(88,866)	(1,045,061)
DHHS-DWSS-37	101-3238	*Child Support Enforcement Program	-	-
DHHS-DWSS-44	101-3239	*Child Support Federal Reimbursement	-	-
DHHS-DWSS-46	101-3267	*Child Assistance and Development	-	-
DHHS-DWSS-51	101-4862	*Energy Assistance Program	-	-
			(445,484)	(1,553,963)

*No General Fund impact

Title: HHS-WELFARE - ADMINISTRATION

Budget Page: DHHS-DWSS-12, **Volume II**

Account: 101 - 3228

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	178,782	452,100	152.88				
FEDERAL FUND	19,845,603	24,557,438	23.74	22,545,482	(8.19)	23,214,684	2.97
GENERAL FUND	10,284,015	11,992,232	16.61	12,583,570	4.93	12,698,831	0.92
INTERAGENCY TRANSFER	16,683,109	39,843,324	138.82	11,208,888	(71.87)	8,460,666	(24.52)
INTERIM FINANCE	77,235						
OTHER FUND	725,299	425,978	(41.27)	475,710	11.67	481,255	1.17
REVERSIONS	(1,188,283)						
Total Revenues	46,605,760	77,271,072	65.80	46,813,650	(39.42)	44,855,436	(4.18)
Total FTE		220.00		230.00		230.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Reduce General Funds to correct phone system lease and maintenance costs.	(84,752)	(84,698)
B000	00	3340	Reduce federal revenue to correct phone system lease and maintenance costs.	(1,315)	(1,315)
B000	00	3531	Reduce federal revenue to correct phone system lease and maintenance costs.	(52,816)	(52,816)
B000	00	3533	Reduce federal revenue to correct phone system lease and maintenance costs.	(30,460)	(30,460)
B000	00	3546	Reduce federal revenue to correct phone system lease and maintenance costs.	(376)	(376)
B000	00	3567	Reduce federal revenue to correct phone system lease and maintenance costs.	(64,517)	(64,517)
B000	00	3581	Reduce federal revenue to correct phone system lease and maintenance costs.	(1,315)	(1,315)
B000	00	3583	Reduce federal revenue to correct phone system lease and maintenance costs.	(4,213)	(4,213)
B000	00	3872	Reduce federal revenue to correct phone system lease and maintenance costs.	(27,830)	(27,830)
B000	00	3873	Reduce federal revenue to correct phone system lease and maintenance costs.	(778)	(832)
M200	00	2501	Reduce General Fund to adjust start date of 4 positions from Oct 15 to Jan 16	(28,072)	
M200	00	2501	Reduce General Funds to remove one position.	(9,363)	(23,262)
M200	00	3531	Reduce federal funds to remove one position.		(8,397)
M200	00	3872	Decrease Title XIX to adjust start date of 4 positions from Oct 15 to Jan 16	(48,356)	
M200	00	3872	Reduce federal funds to remove one position.	(28,088)	(44,610)
M501	00	2501	Increase General Funds to correct funding split to 25 percent General Funds and 75 percent federal funds.	102,000	
M501	00	3872	Decrease federal funds to correct funding split to 25 percent General Funds and 75 percent federal funds.	(102,000)	
E228	00	2501	Reduce General Funds due to an updated pricing quote.		(61,142)
E228	00	3340	Reduce federal revenue due to an updated pricing quote.		(533)
E228	00	3531	Reduce federal revenue due to an updated pricing quote.		(21,399)
E228	00	3533	Reduce federal revenue due to an updated pricing quote.		(12,342)
E228	00	3583	Reduce federal revenue due to an updated pricing quote.		(1,707)
E228	00	3872	Reduce federal revenue due to an updated pricing quote.		(11,276)

E228	00	3873	Reduce federal revenue due to an updated pricing quote.		(337)
E710	00	2501	Reduce General Funds for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(20,382)
E710	00	3340	Reduce revenue for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(178)
E710	00	3531	Reduce revenue for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(7,133)
E710	00	3533	Reduce revenue for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(4,114)
E710	00	3583	Reduce revenue for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(569)
E710	00	3872	Reduce revenue for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(3,759)
E710	00	3873	Reduce revenue for a reduction in equipment purchases due to their age disqualifies them for replacement; agency requests removal.		(112)
Sub-total				(382,251)	(489,624)
Line Item Changes to Revenues				(382,251)	(489,624)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7000	Reduce operating and information services expenditures to correct phone systems lease and maintenance costs.	(201,590)	(201,590)
B000	26	7000	Reduce operating and information services expenditures to correct phone systems lease and maintenance costs.	(66,782)	(66,782)
M200	01	5000	Delay start of 4 positions from Oct 15 to Jan 16	(76,428)	
M200	01	5000	Remove IT Professional	(37,099)	(75,912)
M200	04	7000	Remove IT Professional II	(117)	(117)
M200	26	7000	Remove IT Professional II	(235)	(240)
E228	26	7000	Reduce information services expenditures due to an updated pricing quote.		(108,736)
E710	26	8000	Reduce equipment purchases due to age disqualification.		(36,247)
Sub-total				(382,251)	(489,624)
Line Item Changes to Expenditures				(382,251)	(489,624)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(20,187)	(189,484)

Overview

The Welfare Administration budget funds the expenses associated with ensuring public assistance programs are administered in accordance with federal and state regulations. The budget includes 220 full-time positions located primarily in Carson City. Support functions include, but are not limited to, fulfilling federal reporting requirements; adoption of state plans and regulations; quality control and management evaluations; issuance of policy manuals; support for personnel, including discipline, work performance, Americans with Disabilities Act and Family and Medical Leave Act compliance; information systems maintenance, compliance modifications, and system enhancements; development and presentation of divisional training; fiscal, contract and facility oversight; and Administrative Fair Hearing Process.

Major Closing Issues

1. Caseload Increases
2. Mandated Medicaid Asset Verification System
3. Replace Electronic Document/Content Management System
4. One New Unclassified Deputy Administrator

Discussion of Major Closing Issues

1. Caseload Increases (M-200, DHHS-DWSS-15): In order to address the administrative needs of the 139 new positions recommended for the Field Services budget due to caseload increases, the Governor recommends $1.5 million ($573,928 General Fund appropriations) in FY 2016 and $1.7 million ($709,842 General Fund appropriations) in FY 2017 to provide 7 new administrative positions and additional operating costs in the Welfare Administration budget. The positions would start in October 2015. Of the $3.2 million recommended over the 2015-17 biennium, 30 percent ($969,354) would be for information services, primarily for additional Enterprise Information Technology Services (EITS) usage; 29 percent ($912,771) for the 7 new positions; 20 percent ($642,054) for transaction costs, primarily for more electronic benefit transfer transactions; and the remaining 21 percent ($657,421) would be for various associated operating, equipment and travel costs.

   The 7 new positions include 2 Information Technology (IT) Professionals, 1 Personnel Officer, 1 Social Services Chief, 1 Social Service Program Specialist, 1 Management Analyst and 1 Telecommunications Coordinator. The agency indicates that the recommended new positions were established using an administrative staffing distribution initially developed during the 2009 Legislative Session and approved by the 2013 Legislature. According to the division, application of the staffing distribution assists the agency to expand in proportion to current staffing levels. For example, the distribution suggests that for every 85 new positions, an additional IT support position in needed. Using this ratio, 139 recommended Field Service positions, divided by 85, yields 1.6 IT Professionals needed.

   The Subcommittee expressed a concern during the March 5, 2015, budget hearing regarding the Governor's recommendation for 7 new administrative positions, with a start date of October 2015, to address the administrative needs of the 139 new positions recommended for the Field Services budget. In the Field Services budget, the 139 new positions are phased-in over the biennium; whereas in the Administrative budget, the 7 new positions are scheduled to begin October 2015. The Subcommittee questioned the Division of Welfare Supportive Services (DWSS) as to why all 7 administrative positions would begin in FY 2016, instead of phasing-in the start dates similar to the Field Services staffing plan. The agency testified that one reason was unanticipated caseload growth in the 2013-15 biennium necessitated additional administrative positions. A second factor was the divisions' preference to have the administrative positions fully trained and in place before the second round of hiring occurred in FY 2017 in the Field Services budget.

   In response to the Subcommittee's request, the division provided an option to delay the following 4 positions: Social Services Chief, Social Services Program Specialist, and 2 IT Professionals — until January 2016, which is the planned opening of the first new office. According to the agency, the Personnel Officer, the Telecommunications Coordinator, and the Management Analyst positions would be involved with new staff/facilities activities, and requests the start date remain October 2015. If the Subcommittee decides to phase-in the administrative positions according to the option presented by DWSS, a reduction in expenditures of $76,428 ($28,072 General Fund appropriations) would be realized.

   The Subcommittee inquired into the potential consequences of not hiring the 7 recommended new positions that would support the 139 positions recommended in the Field Services budget. The agency responded that impacts are position specific. For example, if an IT support position were not filled, then the IT workload would need to be absorbed by current DWSS IT staff; and if a fiscal position were not filled, then more pressure would be placed on existing budget staff to absorb the workload.

Staff notes that if the Subcommittee approves fewer positions in the Field Services budget to support caseload growth, it could consider reducing the number of administrative support positions in this budget; however, the administrative positions are more specialized. For example, each of the seven position types are unique, except for two IT Professionals. The five other positions (Personnel Officer, Social Services Chief, Social Service Program Specialist, Management Analyst, Telecommunications Coordinator) would serve different functions. The Subcommittee could reduce the number of IT Professionals from two to one if fewer positions are approved in the Field Services budget.

If the Subcommittee wishes to approve administrative positions to support the projected caseload growth, it could consider the following options. Staff notes that the Subcommittee's actions for this item should be consistent with the caseload growth closing action taken in the Field Services budget.

a) Approve the Governor's recommendation of $1.5 million ($573,928 General Fund appropriations) in FY 2016 and $1.7 million ($709,842 General Fund appropriations) in FY 2017 to provide 7 new administrative positions and additional operating costs, with all positions starting on October 1, 2015.

b) Approve $1.4 million ($545,856 General Fund appropriations) in FY 2016 and $1.7 million ($709,842 General Fund appropriations) in FY 2017 to provide 7 new administrative positions and additional operating costs, with 3 positions beginning in October 2015 and 4 positions beginning in January 2016. This recommendation reduces expenditures by $76,428 ($28,072 General Fund appropriations) in FY 2016 compared to the Governor's recommendation.

c) Contingent upon action related to caseload growth in the Field Services budget, approve $1.4 million (approximately $536,493 General Fund appropriations) in FY 2016 and $1.6 million (approximately $686,580 General Fund appropriations) in FY 2017 to provide additional operating costs and 6 new administrative positions (minus one IT Professional), with 3 positions beginning in October 2015 and 3 positions beginning in January 2016. This recommendation reduces expenditures by $113,879 (approximately $37,435 General Fund appropriations) in FY 2016 and $76,269 (approximately $23,262 General Fund appropriations) in FY 2017 compared to the Governor's recommendation.

The Subcommittee recommended approval of $1.4 million ($536,493 General Fund appropriations) in FY 2016 and $1.6 million ($686,580 General Fund appropriations) in FY 2017 to provide additional operating costs and six new administrative positions (minus one IT Professional), with three positions beginning in October 2015 and three positions beginning in January 2016.

2. Mandated Medicaid Asset Verification System (M-501, DHHS-DWSS-16): The Governor recommends $680,000 ($68,000 General Fund appropriation) in FY 2016 and $454,000 ($113,500 General Fund appropriation) in FY 2017 to implement a federally mandated electronic financial Asset Verification System (AVS) for Aged, Blind and Disabled (ABD) Medicaid applicants and recipients. According to the agency, the AVS system is designed to locate undisclosed client resources held in financial institutions. The recommended ongoing annual cost of $454,000, as shown in FY 2017, is split between operating ($338,000) and financial institution (FI) reimbursements ($116,000).

   The agency reports the Centers for Medicaid and Medicare Services (CMS) tasked Nevada to implement the AVS system by September 2010; however, the system has yet to be implemented due to the workload associated with implementing the Affordable Care Act. According to the agency, non-compliance could result in the loss of the federal government's 50 percent match for Medicaid ABD cases. The agency reports that as of February 2015, CMS has not issued any warnings for non-compliance.

Through the implementation of the AVS system, a 5 percent savings on all AVS eligible cases, or $13.3 million ($4.6 million General Fund appropriations), is projected in FY 2017 in the Medicaid budget (3243, M-501). The anticipated savings would result from disqualifying applicants, whose net-worth exceeds the Medicaid threshold, by identifying undisclosed assets, and thereby reducing the caseload. During the budget hearing, the agency testified that states that have implemented an AVS were saving between 4 to 7 percent on all AVS eligible cases. Upon request from the Subcommittee, the agency provided data from which the savings were estimated, indicating that North Carolina identified 4.3 percent and Maryland identified 6.3 percent of Medicaid applicants and recipients as ineligible.

As discussed in the budget hearing, an error was made in the FY 2016 funding recommendation for this decision unit. The Executive Budget recommends a 90 percent federal, 10 percent General Fund appropriation split; however, the agency indicates the funding should be changed to the enhanced Medicaid 75 percent federal and 25 percent State General Fund split. This change in funding would increase the General Fund appropriation needed in this budget by $102,000 in FY 2016. The FY 2017 recommended funding split in this decision unit is accurate. The closing adjustments on page 1 of the document reflect this adjustment to correct the funding split.

Does the Subcommittee wish to approve the Governor's recommendation of $680,000 ($170,000 General Fund appropriation as adjusted by Fiscal staff) in FY 2016 and $454,000 ($113,500 General Fund appropriation) in FY 2017, which includes the technical adjustment to correct the funding split, to implement a federally mandated electronic financial Asset Verification System for Aged, Blind and Disabled Medicaid applicants and recipients?

The Subcommittee recommended approval of the Governor's recommendation of $680,000 ($170,000 General Fund appropriation as adjusted by Fiscal staff) in FY 2016 and $454,000 ($113,500 General Fund appropriation) in FY 2017, which includes the technical adjustment to correct the funding split, to implement a federally mandated electronic financial Asset Verification System for Aged, Blind and Disabled Medicaid applicants and recipients.

3. Replace Electronic Document/Content Management System (E-228, DHHS-DWSS-16-17): The Governor recommends $608,000 ($353,493 General Fund appropriation) in FY 2017 to aggregate and manage all business related documents on a single system within the division. The agency reports that DWSS has six mapped drives/workspaces that contain 5.2 million files in 623,182 directories, and each user has their own workspace as well as access to other drives/workspaces. The division indicates that it is difficult for DWSS staff to locate documents within this structure unless they know exactly where to look, and because the same documents exist in multiple directories under multiple users, it is difficult to ascertain whether the document being viewed is the latest version. According to the agency, the proposed solution would have the ability to store documents in one place, contain document versioning so that all staff is referencing the latest version of a particular document, electronic routing, and deduplication (eliminating duplicate copies) capabilities, thus saving disk space and data backup times. The project will also provide for an electronic document routing process to replace physically moving paper around the organization.

   The $608,000 recommended to implement the system is based on 2,027 programming hours at $300 per hour. However, DWSS indicated that it currently is reconsidering implementing a custom built system in favor of a commercial off-the-shelf solution, such as Microsoft's SharePoint. Subsequent to the budget hearing, DWSS provided a revised quote for a commercial off-the-shelf option for $499,264. The decrease of $108,736 is reflected in the adjustment of page 2 of this closing document.

   During the budget hearing, the agency indicated that it is awaiting the results of the EITS Outlook replacement request for proposal (RFP) to ensure the document management system integrates well with the statewide email system. Since the budget hearing, EITS has delayed the replacement of the state email system replacement for at least a year. The agency reports that regardless of EITS' final decision on the state's email system, it wishes to have a document management system in place in FY 2017 and will work with EITS to ensure compatibility. The Subcommittee also inquired into possible cost sharing opportunities with other state agencies. DWSS provided staff with a January 2015 email in which DWSS questioned the vendor about tiered pricing for bulk users. The vendor responded that the state already purchases the software at the lowest level so no lower price tiers are available.

Does the Subcommittee wish to approve the Governor recommendation of $499,264 ($290,273 General Fund appropriation) in FY 2017 for a document/content management system, including the adjustment made to account for the revised quote?

The Subcommittee recommended approval of the Governor's recommendation of $499,264 ($290,273 General Fund appropriation) in FY 2017 for a document/content management system, including the adjustment made to account for the revised quote.

4. <u>One New Unclassified Deputy Administrator (E-232, DHHS-DWSS-17)</u>: The Governor recommends $110,723 ($35,440 General Fund appropriation) in FY 2016 and $135,924 ($43,513 General Fund appropriation) in FY 2017 for a new unclassified deputy administrator to alleviate the current workload placed on existing management. According to the agency, recent increases in caseloads have resulted in corresponding increases in division offices, associated managers, supervisors, staff, and community partners. It also results in increased system changes, project management, and additional collaboration with other state agencies, local governments and boards, all of which result in increased demand on the existing management. Based on the current and future growth of the organization, the Governor recommends a new Deputy Administrator to handle the increase in workload. The division indicates that the new Deputy Administrator will oversee the Child Support Enforcement (CSE) Program, the CSE State Support Collection and Disbursement Unit, the Requirements and Testing Unit, the Investigation and Recovery Unit, and the Child Care Program. The existing deputy's functions would include oversight of the Eligibility and Payments Unit, Field Operations, Employment and Support Services Unit, and the Program Support and Training Unit.

   The agency reports that the Administrator, current Deputy Administrator, Administrative Service Officer, and IT Manager are currently sharing the duties of the proposed new Deputy Administrator. When asked how the DWSS compares to other divisions, the agency pointed to, and Fiscal staff has verified, the following examples: the Division of Public and Behavioral Health has 1,697 staff members with 4 Deputy Administrators and the Aging and Disability Services Division has 912 staff members with 3 Deputy Administrators, compared to DWSS with 2,034 staff members and 1 Deputy Administrator.

   Does the Subcommittee wish to approve the Governor's recommendation of $110,723 ($35,440 General Fund appropriation) in FY 2016 and $135,924 ($43,513 General Fund appropriation) in FY 2017 for a new unclassified deputy administrator? The salary of the positions will be established in the Pay Bill to be considered at a later date.

The Subcommittee recommended approval of the Governor's recommendation of $110,723 ($35,440 General Fund appropriation) in FY 2016 and $135,924 ($43,513 General Fund appropriation) in FY 2017 for a new unclassified deputy administrator, with the salary of the position to be established in the Pay Bill at a later date.

<u>Other Closing Items</u>

1. <u>Transfer-In Two Positions (E-900/E-500 and E-901/E-501, DHHS-DWSS-18-21):</u>
   - <u>Transfer One Position from DWSS Field Services to Administration (E-900 and E-500)</u>: The Governor recommends the transfer of 1 Social Services Program Specialist from the Field Services budget (3233) to the DWSS Administration budget. Based on the activities

performed by the position, DWSS indicates the position would be more appropriately cost allocated in the DWSS Administration budget. Expenditures for this position in the Field Services budget are $94,200 ($6,745 General Fund appropriation) in FY 2016 and $97,540 ($1,112 General Fund appropriation) in FY 2017. Decision Module E-500 reallocates the costs associated with this position, resulting in an increase in General Fund appropriations by $17,032 in FY 2016 and $28,853 in FY 2017. This is a companion decision unit to Welfare Field Services Budget 3233, Decision Unit E-900. **This recommendation appears reasonable.**

- Transfer One Position from DWSS Child Assistance and Development to Administration (E-901 and E-501): This decision module requests the transfer of 1 Quality Control Specialist position from the Child Assistance and Development budget (3267) to the DWSS Administration budget. The division indicates that it continually looks at positions to determine if they are properly cost allocated. According to the agency, the division identified a Quality Control Specialist in the DWSS Child Assistance and Development budget that performs quality control for all programs; therefore, this recommended transfer will allow it to be appropriately cost allocated. The scheduled expenditures for this position in the DWSS Child Assistance and Development budget include federal funds totaling $67,428 in FY 2016 and $69,383 in FY 2017. Decision Unit E-501 in the Administration budget reallocates the costs associated with this position to include a General Fund appropriation of $21,440 in FY 2016 and $22,180 in FY 2017. This is a companion decision unit to Child Assistance and Development Budget 3267, Decision Unit E-901. **This recommendation appears reasonable.**

2. Equipment Replacement (E-710, DHHS-DWSS-19-20): The Governor recommends $486,680 ($282,956 General Fund appropriation) in FY 2016 and $673,972 ($391,847 General Fund appropriation) in FY 2017 for replacement computer hardware and software, including 116 monitors, 85 customized software suites, 61 desktops, 36 switches, 24 laptops, 24 docking stations, 22 servers, 20 printers, 7 routers, 7 scanners, 6 UPS, 3 projectors, and 1 network storage device. In conversation with the agency, it was determined that 19 desktop computers, 4 scanners, 3 UPS and 2 switches do not meet the age or use criteria needed for replacement; accordingly, the closing document reflects adjustments to reduce equipment replacement purchases. **This recommendation appears reasonable, with the technical adjustment noted by staff.**

3. Title Change of Administrator (E-806, DHHS-DWSS-20): This request changes the existing Deputy Administrator position classification title from Child and Family Services to Welfare and Supportive Services. This recommendation is revenue neutral. **This recommendation appears reasonable.**

4. Base Adjustment for Phone System Lease (BASE, DHHS-DWSS-12-13): Staff has made technical adjustments to correct phone system lease costs in The Executive Budget. These adjustments total $268,372 (General Fund appropriations of $84,752 in FY 2016 and $84,698 in FY 2017) in each year of the 2015-17 biennium.

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with the technical adjustment noted, and grant staff authority to make other technical adjustments as needed?

The Subcommittee recommended approval of the Other Closing Items as recommended by the Governor, with the technical adjustment noted, and granted staff authority to make other technical adjustments as needed.

Title: HHS-WELFARE - TANF | **Budget Page:** DHHS-DWSS-24, **Volume II**

Account: 101 - 3230

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	25,501,424	18,219,996	(28.55)	29,656,904	62.77	30,321,324	2.24
GENERAL FUND	24,607,702	24,607,702		24,607,702		24,607,702	
Total Revenues	50,109,126	42,827,698	(14.53)	54,264,606	26.70	54,929,026	1.22
Total FTE							

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
M200	00	3567	Reduce federal TANF Block Grant revenue based on revised projections.	(7,113,323)	(7,143,887)
Sub-total				(7,113,323)	(7,143,887)
Line Item Changes to Revenues				(7,113,323)	(7,143,887)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
M200	09	8000	Reduce Case Assistance Payments based on revised projections.	(6,764,302)	(6,784,582)
M200	15	7000	Reduce NEON expenditures based on revised projections.	(174,510)	(179,652)
M200	15	8000	Reduce NEON expenditures based on revised projections.	(174,511)	(179,653)
Sub-total				(7,113,323)	(7,143,887)
Line Item Changes to Expenditures				(7,113,323)	(7,143,887)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Temporary Assistance for Needy Families (TANF) budget provides funding for time-limited cash assistance for eligible recipients; supports the employment and training programs and services administered by the division designed to help clients prepare for and find work; and provides a wide variety of support services for families and individuals to support and maintain self-sufficiency.

The Executive Budget recommends retaining TANF cash assistance grants to eligible persons at their existing levels for the 2015-17 biennium. The monthly cash assistance grant for a three-person household is currently $383 for a TANF recipient without a public housing allowance, and $535 for non-needy caretakers. The cash assistance grants for recipients in the Kinship Care program are $400 for a single child age 12 and under and $462 for a child 13 years of age or older.

Major Closing Issue

TANF Caseload Reprojections

Discussion of Major Closing Issue

TANF Caseload Reprojections (M-200, DHHS-DWSS-25-26): The Executive Budget includes federal TANF funding of $3.9 million in FY 2016 and $4.6 million in FY 2017 to fund cash assistance payments for projected increases in TANF recipients over the 2015-17 biennium. The Executive Budget projects the TANF caseload at 34,486 average monthly recipients in FY 2016 and then increasing to 34,795 average monthly recipients in FY 2017. Since the time of the budget hearing, the division has reprojected the TANF caseload to incorporate March 2015 caseload data, as shown in the table below. In summary, the caseload was revised downward by approximately 6,000 average monthly cases per year in the 2015-17 biennium from the levels shown projected in The Executive Budget.

Fiscal Year	Actual FY 2014	Budget FY 2015	Gov Rec FY 2016	Projected FY 2016	Gov Rec FY 2017	Projected FY 2017
TANF	32,240	26,662	34,486	28,570	34,795	28,780
*Caseload numbers include Kinship care cases						

Based on March 2015 caseload data, Division of Welfare and Supportive Services (DWSS) projects TANF cash assistance expenditures to decline from $51.7 million in the Governor's recommended budget to $44.9 million in FY 2016 and from $52.4 million to $45.6 million in FY 2017. In addition, DWSS projections indicate an expected decline in work support benefits from $2.5 million in the Governor's recommended budget to $2.2 million in FY 2016 and from $2.6 million to $2.2 million in FY 2017. In total, this closing document reflects federal TANF revenue decreasing by $7.1 million in each year of the 2015-17 biennium, to account for the revised projections. Staff notes the General Funds maintenance of effort provision is not impacted by changes in caseload.

Staff inquired into the factors noted by the division leading to a declining TANF caseload. The agency responded that in October 2014, the division implemented a policy change requiring an additional office visit and work search documentation in order to continue receiving TANF benefits. The division notes the TANF caseload has been declining due to the policy change and an improving economy.

Staff notes that the recommended caseload projections approved by the 2013 Legislature showed a trend of decreasing TANF caseloads, which were projected to be 28,051 average monthly recipients in FY 2014 and 26,662 in FY 2015. However, the actual caseload for FY 2014 was 14.9 percent higher than projected, at 32,240 cases. Similarly, the revised projections indicate 32,048 average monthly recipients in FY 2015, which is an increase of 20.2 percent from the level approved by the 2013 Legislature. The agency testified that the 2013 projections did not include an assumption that the implementation of the Affordable Care Act would increase the TANF caseload because, at that time, the division assumed that the eligible population was being served. The division indicated that it has since realized that the eligible but unserved population was larger than first anticipated. In addition, the division notes it has revised its projection methods, and comparing the two models over a period of a year, found the new model to be more accurate.

Does the Subcommittee wish to approve the revised caseload adjustments resulting in decreased TANF funding of $7.1 million in FY 2016 and FY 2017 as reflected on the first page of this closing document?

The Subcommittee recommended approval of the revised caseload adjustments resulting in decreased TANF funding of $7.1 million in FY 2016 and FY 2017 as reflected on the first page of this closing document.

Informational Items: No Action Required

1. TANF Work Participation: Staff notes that TANF recipients participating in federally approved work activities are required to work a certain number of hours. The Work Participation Rate (WPR) is the federal measure of states' efforts in moving TANF recipients towards self-sufficiency. The federal minimum work participation rate is 50 percent for all families with an adult participant and 90 percent for two-parent families. The agency reports Nevada achieved a WPR of 31.1 percent for all-families and 42.5 percent for two-parent families in FY 2014.

   Most families with an adult parent or minor child head-of-household (teen parent) are required to be included in the calculation of the state's WPR. To meet the all-family WPR federal performance standard of 50 percent, these families must participate an average of 30 hours or more in work activities. To meet the two-parent WPR federal performance standards, 90 percent of families with two parents in the home are required to have a combined average of either 35 hours per week of participation if not receiving federal childcare assistance or 55 hours per week if the family receives any federally funded childcare assistance.

The DWSS indicates that if a state fails to meet the minimum WPR, it may be subject to a penalty from 5 percent to 21 percent of the TANF Block Grant, and the MOE requirement increases from 75 percent to 80 percent. According to the agency, if a state fails only the two-parent work participation rate, its penalty is prorated based on the proportion of two-parent cases in the state and thus, is generally smaller in dollar terms.

The agency reports that because it failed to meet the WPR performance measure in FFY 2014, it may be assessed a penalty estimated at $539,476 for FFY 2007 through FFY 2010, and must use General Funds within the division to pay the penalty. The agency indicated that its federal partner, the Administration for Children and Families, has accepted an August 2014 DWSS Corrective Action Plan that addresses non-compliance through FFY 2011. The agency reports a significant delay in the determination of the forthcoming WPR noncompliance penalty. Accordingly, the agency cannot reliably predict the sanction amount nor when it might be applied. During the January 21, 2015, Legislative Commission's Budget Subcommittee, the agency testified that the DWSS will have the ability to "reinvest" half of any sanction amount back into the program, while the other half would be funded with General Fund appropriations.

The agency testified that the primary reason for not meeting the WPR performance measurement from FFY 2007 through FFY 2010 was the state's economic downturn. In its efforts to achieve the required WPR, the division has reorganized the program; consolidated, trained and added staff; implemented a tiered-case management model; added TANF pre-eligibility activities; and implemented a two-week job readiness/life-skills workshop designed to assist participants engage in job search activities. **This item is for informational purposes only and does not require Subcommittee action.**

2. TANF Funding: The Executive Budget anticipates the continued receipt of federal TANF Block Grant funds of $43.7 million and TANF Contingency Funds of $4.0 million in each year of the 2015-17 biennium. At the time of the budget hearing, the division projected $12.0 million in unspent TANF funding (available to draw from the federal government) at the end of the 2013-15 biennium. TANF-related expenditures recommended in The Executive Budget for cash assistance, eligibility and administration were projected to exceed available resources (Block Grant, Contingency Funds and maintenance of effort General Funds) in each year of the 2015-17 biennium, which would have reduced unspent TANF funds to approximately $500,000 at the end of FY 2017 based on the November 2014 projections.

   At the time of the budget hearing, staff noted that without the TANF Contingency Funds, the division would not have sufficient revenue to fund the TANF caseload based upon November 2014 caseload projections. According to the agency, the $4.0 million TANF Contingency Fund award was projected using a 3-year average of past awards. Since the time of the budget hearing, the DWSS has provided staff with revised TANF caseload reprojections and an updated Sources and Use worksheet, which shows the projected remaining TANF block grant funds of $18.1 million at the end of FY 2017, up from $0.5 million as projected in The Executive Budget. **This item is for informational purposes only and does not require Subcommittee action.**

3. Consolidate the Kinship Care Category into the Cash Assistance Payment Category: During the 2015-17 adjusted base process, the Kinship Care category was consolidated into the Cash Assistance Payment category to provide the agency greater flexibility when addressing payment fluctuations in the TANF cash payment assistance programs. **This item is for informational purposes only and does not require Subcommittee action.**

Title: HHS-WELFARE - ASSISTANCE TO AGED AND BLIND **Budget Page:** DHHS-DWSS-27, **Volume II**

Account: 101 - 3232

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
GENERAL FUND	8,608,987	8,998,285	4.52	9,868,567	9.67	10,308,148	4.45
Total Revenues	8,608,987	8,998,285	4.52	9,868,567	9.67	10,308,148	4.45
Total FTE							

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
M200	00	2501	Reduce General Fund to account for a decrease in projected caseload.	(336,431)	(319,418)
Sub-total				(336,431)	(319,418)
Line Item Changes to Revenues				(336,431)	(319,418)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
M200	18	8000	Reduce payment expenditures to account for a decrease in projected caseload.	(336,431)	(319,418)
Sub-total				(336,431)	(319,418)
Line Item Changes to Expenditures				(336,431)	(319,418)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(336,431)	(319,418)

Overview

The Assistance to the Aged and Blind program provides supplemental income to low-income aged and blind individuals receiving Supplemental Security Income (SSI), and provides adult group care facilities (AGCF) with supplements to help recipients avoid or delay institutionalization. The division contracts with the Social Security Administration (SSA) to determine eligibility and issue the state supplement. States pay a per check charge for each payment made by SSI. The state supplement and federal payment are paid monthly to the recipient and combined in one check from SSA. This budget is funded entirely with General Fund appropriations.

Major Closing Issues

Caseload Increases

Discussion of Major Closing Issues

Caseload Increases (M-200, DHHS-DWSS-27): The Executive Budget recommends General Fund appropriations of $1.2 million in FY 2016 and $1.7 million in FY 2017 to provide for yearly caseload increases of 4.5 percent in FY 2016 and FY 2017. The projected caseload growth is based primarily on historical caseload trends.

Based on March 2015 caseload reprojections provided by the division, the aged, blind, and adult group care facility overall caseload increased slightly compared to the projections originally reported in The Executive Budget; however, total caseload costs have decreased. The agency reports the least costly aged caseload increased, while the more expensive blind and adult group care facility caseloads decreased compared to the projections in The Executive Budget. This results in a General Fund appropriation savings of $336,431 in FY 2016 and $319,418 in FY 2017, as displayed in this closing document. The table below reflects actual FY 2014 caseloads, the Governor's recommended projections and current projected caseload for the upcoming biennium.

Caseload	Actual FY 2014	Gov Rec FY 2016	Projected FY 2016	Gov Rec FY 2017	Projected FY 2017
Aged	11,209	12,214	12,322	12,753	12,893
Blind	714	782	732	824	754
AGCF	327	347	335	361	348
Total	**12,250**	**13,343**	**13,389**	**13,938**	**13,995**

Staff recommends approval of the recent caseload and payment information as displayed in closing adjustments indicated above.

The Subcommittee recommended approval of the March 2015 caseload and payment reprojections, resulting in General Fund appropriation decreases of $336,431 in FY 2016 and $319,418 in FY 2017 when compared to the Governor's recommendation.

The Subcommittee will recall that the Division of Welfare and Supportive Services (DWSS) received a letter of intent (LOI) from the money committees in 2013 that requested the division report back to the Interim Finance Committee (IFC) with a proposal on how the division would recommend implementing the two federal SSI cost of living (COLA) payment increases that were scheduled for January 2014 and January 2015. Accordingly, the division notified the IFC of a 1.5 percent SSI COLA for 2014, increasing the federal payment from $710 in 2013 to $721 in 2014, and a 1.7 percent SSI COLA for FY 2015, increasing the federal payment to $733 for 2015. In both cases, the increase was split between personal needs and the group-care operators. The division indicates that in calendar year 2015, the state payment remains unchanged at $391, and the personal needs amount increased from $118 to $120. The table below shows the 2014 and 2015 amounts:

Adult Group Care Facility

Year	Federal Payment	State Payment	Total Payment	Personal Needs	Net to Operator
2014	$721	$391	$1,112	$118	$994
2015	$733	$391	$1,124	$120	$1,004

Traditionally, the money committees have issued an LOI that the division report to IFC with a proposal on how it recommends implementing the next two federal SSI payments. Does the Subcommittee wish to recommend continuing the practice of issuing an LOI for the 2015-17 biennium, which would require the division to report back to IFC prior to implementing the annual federal SSI cost-of-living payment changes scheduled for January 2016 and January 2017?

The Subcommittee recommended issuing a letter of intent for the 2015-17 biennium, which would require the division to report back to IFC prior to implementing the annual federal Supplemental Security Income cost-of-living payment changes scheduled for January 2016 and January 2017.

Title: HHS-WELFARE - FIELD SERVICES

Budget Page: DHHS-DWSS-29, **Volume II**

Account: 101 - 3233

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(219,761)						
FEDERAL FUND	33,560,103	39,291,173	17.08	37,549,564	(4.43)	39,042,936	3.98
GENERAL FUND	27,584,064	32,154,246	16.57	34,479,276	7.23	36,484,816	5.82
INTERAGENCY TRANSFER	22,887,398	31,047,006	35.65	40,865,526	31.62	43,650,311	6.81
INTERIM FINANCE	300,905						
OTHER FUND	27,806	21,858	(21.39)	26,878	22.97	25,719	(4.31)
REVERSIONS	(422,894)						
Total Revenues	83,717,621	102,514,283	22.45	112,921,244	10.15	119,203,782	5.56
Total FTE		1,432.51		1,510.51		1,570.51	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
M200	00	2501	Reduce General Funds to reflect the number of positions and offices approved.	(187,799)	(1,045,061)
M200	00	3531	Reduce federal funds to reflect the number of positions and offices approved.		(377,048)
M200	00	3872	Reduce federal funds to reflect the number of positions and offices approved.	(563,395)	(2,004,040)
E225	00	2501	Increase General Funds per Budget Amendment A150693233.	98,933	
E225	00	3872	Increase federal revenue per Budget Amendment A150693233.	296,798	
Sub-total				(355,463)	(3,426,149)
Line Item Changes to Revenues				(355,463)	(3,426,149)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
M200	01	5000	Increase personnel expenditures to match approved intermittent position count.		892,709
M200	01	5000	Remove 7 positions in FY 2016 and 60 positions in FY 2017 per Subcommittee vote.	(213,278)	(3,220,280)
M200	03	6000	Reduce in-state travel per revised agency estimates for no new offices	(3,176)	(11,114)
M200	04	7000	Reduce equipment expenditures per revised agency estimates for no new offices.	(3,458)	(3,458)
M200	04	7000	Reduce equipment expenditures to match approved position count.	(3,850)	(23,650)
M200	04	7000	Reduce operating expenditures per revised agency estimates for no new offices	(300)	(1,050)
M200	04	7000	Reduce operating, facilities maintenance, and info services expenditures per revised agency estimates for no new offices	(30,615)	(59,115)
M200	04	7000	Remove 7 positions in FY 2016 and 60 positions in FY 2017 per Subcommittee vote.	(818)	(7,824)
M200	04	7000	Remove new offices in FY 2016 and FY 2017 per Subcommittee vote.	(135,185)	(473,245)
M200	05	8000	Reduce equipment expenditures per revised agency estimates for no new offices	(15,000)	(15,000)
M200	05	8000	Reduce equipment expenditures per revised agency estimates for no new offices.	(160,154)	(129,718)

M200	05	8000	Reduce equipment expenditures to match approved position count.	(2,800)	(17,200)
M200	05	8000	Reduce equipment expenditures to reflect number of positions approved.	(2,416)	(4,852)
M200	07	7000	Reduce operating, facilities maintenance, and info services expenditures per revised agency estimates for no new offices	(26,572)	(95,311)
M200	26	7000	Reduce equipment expenditures to reflect number of positions approved.	(9,568)	(36,064)
M200	26	7000	Reduce operating, facilities maintenance, and info services expenditures per revised agency estimates for no new offices		(11,000)
M200	26	7000	Remove 7 positions in FY 2016 and 60 positions in FY 2017 per Subcommittee vote.	(1,652)	(16,125)
M200	26	8000	Reduce equipment expenditures per revised agency estimates for no new offices.	(26,906)	(26,906)
M200	26	8000	Reduce equipment expenditures to match approved position count.	(7,721)	(47,429)
M200	26	8000	Reduce equipment expenditures to reflect number of positions approved.	(10,704)	(22,496)
M200	26	8000	Reduce info services expenditures per revised agency estimates for no new offices	(97,021)	(97,021)
E225	04	7000	Increase Operating expenditures per Budget Amendment A150693233.	33,000	
E225	04	7000	Increase Operating, Equipment, and Information Services expenditures per Budget Amendment A150693233.	2,000	
E225	04	7000	Reduce Operating expenditures per Budget Amendment A150693233.	(11,034)	
E225	05	8000	Increase Operating, Equipment, and Information Services expenditures per Budget Amendment A150693233.	327,982	
E225	07	7000	Increase Maint of Building & Grounds expenditures per Budget Amendment A150693233.	4,000	
E225	07	7000	Reduce Operating expenditures per Budget Amendment A150693233.	(39,857)	
E225	26	7000	Increase Information Services expenditures per Budget Amendment A150693233.	35,500	
E225	26	8000	Increase Operating, Equipment, and Information Services expenditures per Budget Amendment A150693233.	44,140	
Sub-total				(355,463)	(3,426,149)
Line Item Changes to Expenditures				(355,463)	(3,426,149)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(88,866)	(1,045,061)

<u>Overview</u>

The Field Services budget provides staff salaries and operating expenses for the various programs administered by the Division of Welfare and Supportive Services (DWSS). This budget primarily consists of Family Services Specialists who determine eligibility for the major program areas, which include Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and various Medicaid programs, including medical assistance to the aged, blind and disabled. Family Services Specialists and Social Workers provide employment and supportive services to assist the needy in overcoming barriers to self-sufficiency. The federal government mandates specific quality and performance measures for eligibility, client support and redeterminations. A state that fails to meet the performance measures may be subject to monetary penalties.

<u>Major Closing Issues</u>

1. Addition of 139 Positions and Two New Offices Due to Projected Caseload Increases
2. New Equipment
3. SNAP Federal Compliance

Discussion of Major Closing Issues

1. Addition of 139 Positions and Two New Offices Due to Projected Caseload Increases (M-200, DHHS-DWSS-31): The Governor recommends $12.1 million ($3.4 million General Fund appropriations) over the 2015-17 biennium for 79 new positions and a new small office in FY 2016 and 60 additional new positions and a new small office in FY 2017 to address the projected overall caseload increase for Medicaid, SNAP and TANF. Staff notes that revenue received from the federal government would fund approximately 72 percent of the cost to support caseload growth with the remainder funded with General Fund appropriations. Of the $12.1 million recommended over the biennium, 81 percent ($9.7 million) is recommended for personnel; 8 percent ($1 million) for operating expenses, mainly for the offices leases; and the balance is for telephone, computer equipment, technology services provided by the Enterprise Information Technology Services (EITS) division, new furnishings, and associated in-state travel.

   Caseload Increases

   As discussed during the April 23, 2015, work session, the DWSS has provided updated caseload projections, which incorporate the March 2015 caseload data. In the updated projections, net total caseload has increased relative to the November 2014, caseload projections used to construct The Executive Budget. The following table shows the updated anticipated caseloads for Medicaid, SNAP, and TANF for the 2015-17 biennium based on March 2015 caseload data, along with FY 2014 actual and FY 2015 projected caseloads:

Caseload Type	FY 2014 Actual	FY 2015 Projected	FY 2016 Gov. Rec.	FY 2016 Projected	FY 2017 Gov. Rec.	FY 2017 Projected	% Change FY 2015 - FY 2017
TANF Cash Assistance	32,240	32,048	34,486	28,570	34,795	28,780	-10.2%
SNAP (Food Stamps)	375,506	409,295	429,405	437,444	448,702	460,740	12.6%
Medicaid, including CHIP	403,675	570,388	577,814	588,160	581,863	579,313	1.6%
Total	811,421	1,011,731	1,041,705	1,054,174	1,065,360	1,068,833	5.6%

   In total, the March 2015 reprojections show the net total caseload increasing by 5.6 percent, or 57,102 cases, over the 2015-17 biennium when compared to the projected caseload for FY 2015. The majority of the caseload growth is expected to result from the SNAP program (51,445 new cases). Relative to FY 2015 projections, FY 2017 Medicaid cases are expected to increase by 8,925 and TANF cases are expected to decrease by 3,268 after peaking in FY 2014.

   For reference, the caseload projections provided in The Executive Budget are based on data though November 2014, and show the combined Medicaid, SNAP and TANF cases increasing by 51,441 (5.1 percent) by the end of the 2015-17 biennium when compared to FY 2015. The majority of the caseload growth in The Executive Budget was expected to result from the SNAP program (41,862 new cases). Relative to FY 2015 projections, FY 2017 Medicaid cases were expected to increase by 9,896 and TANF cases were expected to decline by 317.

   The Subcommittee questioned why the SNAP caseload is projected to increase despite an improving economy. The DWSS responded that Nevada has historically had a low SNAP participation rate, and with the interest generated by the Affordable Care Act, the SNAP participation rate also rose because when individuals sign up for Medicaid, they can also apply for SNAP. The DWSS also reports that even as the economy improves, some clients qualify for SNAP benefits as they gain employment when wages are low enough to qualify for some assistance (benefit amount declines with income). According to the agency, it expects the growth in SNAP caseload to level off in the 2017-19 biennium if the economy continues to improve, but does not expect caseload to drop to the historical levels that existed before 2014, even with a strong economy. The agency indicates the yearly ACA health insurance marketing campaign encourages low-income individuals to apply for Medicaid, who can concurrently apply for SNAP and TANF. The ACA marketing campaign indirectly markets other DWSS services.

Staffing Plan

During the budget hearing, the agency testified that based upon a staffing ratio of 317 cases per FTE (317:1) per year, 259 additional Field Service workers would be needed to support the projected caseload growth. However, The Executive Budget requests 139 positions instead of the full 259 positions because the agency indicates 120 of the 259 positions should be deferred to a future biennium. As support for the recommendation to defer positions, the agency states that multiple efficiency initiatives currently underway need to be fully implemented, and a period of stabilization is needed prior to reevaluating the staffing ratio and long term staffing needs of the division. The DWSS indicates that based on the revised caseload projections (March 2015 caseload) and a staffing ratio of 317:1, 9 more positions would be required; however, the division requests to defer these 9 staff in addition to the 120 staff already deferred. As stated in the budget hearings, DWSS plans to develop a new staffing ratio during the 2015-17 biennium that will be based on time measurements in processing eligibility tasks.

The Subcommittee questioned the division why a ratio of 317:1 was used to determine the number of positions requested. In response, the division indicated that a ratio of 280:1 was used to determine staffing needs during the 2013 Legislative Session; however, through DWSS initiatives, such as a change in business processes and the rise in Internet and telephone applications, in the last two years, an approximate 10 percent efficiency gain was realized, resulting in a staffing ratio of 310:1. Also, when considering the restoration of furlough hours in the 2015-17 biennium, the agency determined the staffing ratio should be increased by an additional 7 cases to 317:1.

According to the agency, DWSS is currently in the process of transitioning from a caseload management model to a task-based model. The DWSS reports that it must complete this transition before an optimal staffing ratio for the 2015-17 biennium can be properly determined. In the caseload management model, the caseworker is responsible for every action on a case for all programs assigned to his/her caseload. In the task-based model, a person may only be assigned to do specific portions of the work with the possibility of multiple caseworkers from different locations working on a case. The agency reports some examples of task-based activities include SNAP/Medicaid Intake, TANF Intake, processors, renewals, redeterminations, conferences, and changes. Once PathOS, which is the division's lobby management system, is in every office, the universal caseload concept is "any task" in the assigned queue (by task type) regardless of physical location of the caseworker or the client throughout the state. The DWSS reports that a portion of the staff are still working caseload management in the old model, and a portion of the staff are working tasks and no longer have a caseload assigned to them. The agency has indicated it is studying the average processing time per task using PathOS to capture this information. The agency anticipates all major, on-going policy initiatives to be in place by July 2016.

According to the division, the optimal staffing ratio is uncertain at this time given the ongoing changes, and indicates the agency's lobby management system is too new to provide valid statistical data to formulate a staffing ratio based on DWSS's new business practices. Subsequently, during the work session, the Subcommittee expressed hesitation in approving the 139 new positions over the 2015-17 biennium based on an uncertain staffing ratio. In response, staff offers an alternative analysis, which applies the current staffing ratio to the projected caseload in FY 2016 and FY 2017. According to DWSS caseload data, the average FY 2015 staffing ratio is 349:1 based on April 2015 caseload data. If caseloads materialize as projected and the recommended 79 new positions are hired in

FY 2016 and 60 additional new positions are hired in FY 2017, the staffing ratio would be 348:1 and 339:1, respectively.

Staff notes that 72 positions in FY 2016 and 17 positions in FY 2017 would maintain DWSS's current staffing ratio of 349:1. This option would equate to a reduction of 50 positions in total over the 2015-17 biennium from the amount recommended in The Executive Budget. In communication with the agency about adjusting the staffing levels to maintain a ratio of 349:1, DWSS responded that it requested a decrease in the staffing ratio to assist with SNAP timeliness and quality issues.

As an alternative to adding permanent positions to the division's payroll, the Subcommittee could consider intermittent positions to accommodate caseload growth, which would provide the division flexibility in reducing staff when adjusting to a declining caseload and technology improvements. Staff notes the division currently has 248 intermittent positions that were approved for the same purpose by the 2009 Legislature. DWSS reports that of the 248 intermittent positions, 191 are currently serving as Family Service Specialists (FSS) and 57 are Administrative Assistants (AA). For reference, the Governor's recommended budget includes 88 FSS positions, 23 AA positions, with the remaining 28 positions to serve as higher grade FSS and AA positions, managers, supervisors, compliance investigators, and a quality control specialist. According to Nevada Administrative Code 284.436, an employee in an intermittent position is intended to supplement the full-time staff of an agency when the staffing needs of the agency fluctuate due to changes workload. The agency notes a 1.8 percent average turnover rate for permanent positions from January through March 2015, compared to a 15.4 percent average turnover rate for the intermittent positions. According to the agency, the disadvantages of intermittent positions include new hires having concerns about job security and the number of hours the position will work. The agency has indicated that it does not expect caseloads to drop to the historical levels that existed before 2014, and DWSS would reduce the number of filled 248 intermittent positions to balance out the staffing ratio if the actual caseloads materialize lower than current projections.

The Executive Budget also recommends two small offices, one in Northern Nevada, which would open in January 2016, and the other in Southern Nevada, which would open in October 2016. Each new office would be comprised of the following 60 positions: 41 Family Services Specialists, 14 Administrative Assistants, 4 Family Services Supervisors, and 1 Social Services Manager. The two offices would accommodate a combined 120 staff; the remaining 19 new staff would be housed in existing offices. Staff notes that the requested square footage for each of the two new offices in The Executive Budget is understated by 2,264 square feet, which translates to a $151,041 funding deficiency over the 2015-17 biennium in Decision Unit M-200. If the two new offices are approved, staff will make a technical adjustment to correct this error.

For comparison, DWSS hired 410 Field Service positions and opened two large offices and two small offices in Southern Nevada during the 2013-15 biennium. The division was authorized to open two more small offices in Southern Nevada before the end of FY 2015; however, the agency indicated it will be unable to open the remaining two small offices before the end of FY 2015. One of the remaining offices is undergoing tenant improvements with a scheduled opening in November 2015, and the lease for the other will be heard at the May 2015 Board of Examiners meeting with a scheduled opening in December 2015. Accordingly, Budget Amendment A150693233 recommends General Fund appropriations of $98,933 and matching federal funds of $296,798 from FY 2015 to FY 2016 to complete the set-up of two new small offices. DWSS relates that it has experienced delays in securing space for Southern Nevada offices due to significant challenges in finding offices that meet DWSS criteria, such as sufficient parking and locations in neighborhoods close to clients and bus lines. Based upon its experience in opening offices in Southern Nevada, DWSS reports the average time to open an office was 231 days. This closing document reflects the recommended adjustments in Budget Amendment A150693233.

Does the Subcommittee wish to approve Budget Amendment A150693233 for General Fund appropriations of $98,933 and federal funds of $296,795 in FY 2016 to complete the set-up of two new offices that were originally approved in the 2013 Session.

The Subcommittee recommended approval of Budget Amendment A150693233 for General Fund appropriations of $98,933 and federal funds of $296,795 in FY 2016 to complete the set-up of two new offices that were originally approved in the 2013 Session.

Upon request from the Subcommittee, the agency provided the expected capacity of all DWSS offices after the two remaining offices open at the end of calendar year 2015. DWSS indicates that upon a further review, it could accommodate the 139 recommended new staff without the need for new offices. According to the agency, the addition of 106 positions to existing offices would fill all offices to capacity as they are currently configured, and estimates additional seating would be possible if existing offices are reconfigured. However, to accommodate the 33 remaining positions of the 139 recommended, DWSS proposes to either locate staff members in non-DWSS locations, such as community partner locations or hospitals, or reconfigure existing office space to create the needed permanent workstations. This option would reduce the expected expenditures by approximately $498,333 ($114,650 General Fund appropriations) in FY 2016 and $829,899 ($244,562 General Fund appropriations) in FY 2017 with the majority of the savings generated from the removal of rent, new furnishings, and computer equipment. The agency notes the estimated savings with this option assumes no rental costs to house staff in non-DWSS locations, no technology costs that may be needed to provide remote connections to state systems, nor construction costs to reconfigure existing buildings. The agency indicated to staff that it would need funding to reconfigure existing office space; however, it would need more time to estimate a cost.

Training

According to the agency, the new small office recommended to open in January 2016 would be located in Northern Nevada. The agency also indicates the majority of the 39 new Family Services Specialists II (FSS II), who are scheduled to begin on October 1, 2015, would also be located in Northern Nevada. The Subcommittee should note that the FSS II positions require a 12-week training period before they are able process cases independently. However, staff notes that according to the division, the training facility in Northern Nevada is only capable of handling 18 trainees for each 12-week training academy. Accordingly, the Subcommittee questioned whether the agency would have sufficient training capacity in Northern Nevada to train all 39 FSS II positions prior to opening a new office in January 2016. The training academy limitation does not appear to be an issue in the south because the agency reports the Las Vegas training facility can accommodate up to 69 trainees.

In response, the agency indicated the current northern professional development center is divided in half by an accordion door. The agency reports the other half of the room, currently used as conference room space, would be setup with the equipment necessary to train an additional 21 staff for a total of 39 trainees.

If the Subcommittee wishes to approve additional new positions to support the projected net caseload increase, it could consider the following options:

Option A — Governor's Recommendation with Technical Adjustment

Approve the Governor's recommendation of $12.1 million ($3.4 million General Fund appropriations) over the 2015-17 biennium for 79 new positions and a new small office in FY 2016 and 60 additional new positions and a new small office in FY 2017, including a technical adjustment of $151,041 over the 2015-17 biennium noted by staff for rent costs.

Option B — Governor's Recommended Positions with No New Offices

Approve 79 new positions in FY 2016, 60 additional new positions in FY 2017 and no new offices, with the new staff to be housed in existing office space, in non-DWSS locations, or in reconfigured office space. This option is expected to save approximately $498,333 ($114,620 General Fund appropriations) in FY 2016 and $829,899 ($244,562 General Fund appropriations) in FY 2017. DWSS reports no rental costs for non-DWSS locations, remote technology costs, nor are reconfiguration costs included in the provided estimate. In this scenario, the caseload to staff ratio would be would be 348:1 in FY 2016 and 339:1 in FY 2017, assuming the realization of the projected caseload.

Option C — Approve New Positions Up to Current Office Capacity

Approve 79 new positions in FY 2016, 27 additional new positions (a decrease of 33 positions) in FY 2017 and no new offices. This option would fill all DWSS offices to capacity, according to documentation provided by the agency, and is expected to save approximately $498,333 ($124,583 General Fund appropriations) in FY 2016 and $2.5 million ($761,326 General Fund appropriations) in FY 2017. Staff notes the 79 positions in FY 2016 and 27 in FY 2017 would be absorbed into current space in DWSS field offices without the need for non-DWSS locations, nor reconfigured office space. In this scenario, the caseload to staff ratio would be would be 348:1 in FY 2016 and 346:1 in FY 2017, assuming the realization of the projected caseload.

Option D — Approve New Positions at Existing Caseload to Staff Ratio

Approve 72 new positions (a decrease of 7 positions) in FY 2016 and 17 additional new positions (a decrease of 43 positions) in FY 2017, which would allow DWSS to maintain its current staffing ratio with no new offices. This option is expected reduce expenditures by approximately $739,547 ($184,887 General Fund appropriations) in FY 2016 and $3.4 million ($1.0 million General Fund appropriations) in FY 2017. Staff notes the 72 positions in FY 2016 and 17 in FY 2017 would be absorbed into current space in DWSS field offices without the need to house staff in non-DWSS locations, nor reconfigured office space. In this scenario, the caseload to staff ratio would remain 349:1 in both years of the 2015-17 biennium, assuming the realization of the projected caseload.

The Subcommittee may also wish to consider approving some positions as intermittent instead of permanent positions. Converting permanent positions to intermittent positions would be revenue neutral, but would provide flexibility in response to caseload decreases. Staff notes current intermittent positions within the Field Services budget total 191 FSS positions out of 975 (19.6 percent) and 57 AAs positions out of 285 (20 percent).

The Subcommittee recommended approval of 72 new positions (a decrease of 7 positions) in FY 2016 and 17 additional new positions (a decrease of 43 positions) in FY 2017, which will allow DWSS to maintain its current staffing ratio if the caseload materializes as projected, and no new offices. The Subcommittee recommended 20 percent, or 17 of the new positions, be intermittent positions.

2. New Equipment (E-720, DHHS-DWSS-34): The Governor recommends $875,000 ($399,206 General Fund appropriations) in FY 2016 to extend the lobby management system to 10 existing offices and to purchase 50 medium-capacity scanners. The division indicates that the lobby management system is integral to the new business process employed in DWSS offices to manage client interactions, minimize points of contact with clients and prioritize work in the offices. According to the agency, the lobby management system tracks and routes work both in and between offices and allows for DWSS's new business process of 70 percent of clients being served at "first touch." The agency defines "first touch" as an eligibility worker working through a case the first time to avoid re-work and additional contacts with the applicant. This recommendation is to fund the licensing costs of the lobby management application and scanners that are needed to support the new business processes.

   The agency reports the new lobby management system would assist DWSS in meeting the SNAP timeliness requirements and allow an increase to the optimal caseload-to-staff ratio. According to the agency, the lobby management system allows a manager to view real time data and be able to adjust staffing resources prior to cases becoming overdue, rather than being reactive and addressing cases after they are overdue. The agency also reports that this system is designed to reduce duplication of effort. For example, if a client submits an application for benefits, but the next day submits a new application and/or a change in circumstance, the system recognizes and combines the two tasks for one case manager to review/act on, rather than having two employees duplicate efforts. Another benefit listed by the agency is the integration of the lobby management tool into the training academy to allow real cases to be processed during training.

   Does the Subcommittee wish to approve the Governor's recommendation of $875,000 ($399,206 General Fund appropriations) in FY 2016 to increase the number of offices using the lobby management system from 10 to 20 offices and to purchase 50 medium-capacity scanners?

The Subcommittee recommended approval of the Governor's recommendation of $875,000 ($399,206 General Fund appropriations) in FY 2016 to increase the number of offices using the lobby management system from 10 to 20 offices and to purchase 50 medium-capacity scanners.

3. SNAP Federal Compliance
   Timeliness: The United States Department of Agriculture, Food and Nutrition Service (FNS) require all households be provided determination of eligibility to participate in the SNAP program within 30 days (7 days for expedited cases). Households are entitled to expedited service if one of the following criteria is met. First, if the household has reported liquid resources totaling $100 or less and reported gross monthly income totaling less than $150. Alternatively, the household's reported liquid resources and reported gross monthly income total less than the current monthly expense for rent/mortgage and utilities.

   The FNS considers 95 percent timeliness of application processing to be in compliance. In a September 2014 letter, FNS notified Nevada that it has one of the lowest application processing timeliness rates (APT) in the country, with a preliminary 2013 timeliness rate of 73.6 percent, placing Nevada 47th in the National Ranking. The FNS letter served as advanced notification that if the SNAP timeliness issue cannot be corrected, and/or FNS is not satisfied with Nevada's Corrective Action Plan (CAP), the state may be subject to fiscal sanctions. In order to avoid a formal warning from FNS, Nevada must have an APT rate of 85 percent by the end of March 2015, and will need to achieve a 95 percent rate by the end of September 2015.

   The agency indicates that it has submitted a CAP to address timeliness compliance; however, as of May 4, 2015, the federal government has yet to formally accept DWSS's SNAP timeliness CAP. Based on the April 2015 report submitted to DWSS's federal partners, the timeliness rate for the first two months of Federal Fiscal Year (FFY) 2015 (October and November) is 90.3 percent. The DWSS has indicated to staff that the March 2015 goal of 85 percent timeliness rate has likely been achieved, but the official measurement is delayed by approximately six months.

The CAP submitted by DWSS identified incomplete technology initiatives and failure of staffing levels to keep pace with increased caseload growth as significant contributing factors in SNAP processing non-compliance. In the September 2014 advanced notification letter, FNS indicated that it recognizes DWSS's technology initiatives are aimed at improving agency performance. However, <u>FNS stated that timely access to food assistance benefits for eligible low-income Nevadans should not be contingent upon completion of modernization initiatives</u>.

When questioned about the likelihood of a SNAP timeliness sanction, DWSS reported that timeliness corrective action for all states below the 90 percent tolerance level is currently a national Food and Nutrition Service focus. DWSS reported to staff that it assumes a high likelihood that failure to meet the federal guideline will lead to withholding of federal funds. DWSS reports that the SNAP administrative revenue included in <u>The Executive Budget</u> totals $28.2 million in FY 2016 and $29.9 million in FY 2017.

<u>Quality Control</u>: The SNAP Quality Control System measures the accuracy of state eligibility and benefit determinations. According to the agency's testimony to the Legislative Commission's Budget Subcommittee on January 21, 2015, error rates between 3 percent and 6 percent initiate a corrective action state and error rates above 6 percent result in a sanction. Based on recent DWSS projections, Nevada expects a FFY 2014 error rate in the range of 7 to 8 percent. The agency reports that Nevada will receive a sanction; however, the dollar amount is unknown at this time. Staff notes that according to DWSS's January 21, 2015 pre-session budget hearing handout, previous fiscal sanctions imposed in Nevada ranged from $144,091 in FFY 2010 for an error rate just over 6 percent to $413,176 in FFY 97 for an error rate over 12 percent.

During the March 5, 2015, budget hearing, the agency testified that DWSS has submitted a CAP to Food and Nutrition Service in February 2015; however, it has yet to receive notification of approval of the CAP to date. In an analysis of the causes of the error rates, DWSS reports the following: Family Service Specialists not acting on changes in a timely manner, policy incorrectly applied, and client failure to report changes in status or income. In addition, the agency notes that 52 percent of the staff is trainees, which is also contributing to the problem because of the time it takes to become proficient in the programs and some error is to be expected from newer employees.

The Subcommittee may wish to consider issuing a letter of intent requiring the agency to submit a report biannually to the Interim Finance Committee concerning the status of the SNAP timeliness and quality control measures and any sanctions that may have resulted from failure to comply with federal application processing standards.

The Subcommittee recommended issuing a letter of intent requiring the agency to submit a report biannually to the Interim Finance Committee concerning the status of the SNAP timeliness and quality control measures and any sanctions that may have resulted from failure to comply with federal application processing standards.

<u>Other Closing Items</u>

1. <u>Replacement Equipment (E-710, DHHS-DWSS-33)</u>: <u>The Executive Budget</u> recommends $857,495 ($391,220 General Fund appropriations) in FY 2016 and $1.1 million ($500,039 General Fund appropriations) in FY 2017 for replacement computer hardware and associated software. Replacement equipment includes 764 monitors, 415 software packages (MS Office, Novell, and Z-Scope), 411 desktops, 300 wireless headsets, 150 phones, 79 scanners, 32 switches, 26 projectors,

25 printers, 22 servers, 11 UPS, 6 routers, 4 laptop PCs, and 4 laptop docking stations. **This recommendation appears reasonable.**

2. Position Transfer to Welfare Administration (E-900, DHHS-DWSS-34): The Governor recommends the transfer of one Social Services Program Specialist from this budget to the Welfare Administration budget. The division indicates that it continually looks at positions to determine if they are properly cost allocated. According to the agency, the division identified a Quality Control Specialist allocated in this budget that performs quality control in all programs; therefore, this recommended transfer will allow it to be appropriately cost allocated.

   The scheduled expenditures for this position in this budget total $94,200 ($6,745 General Fund appropriations) in FY 2016 and $97,540 ($1,112 General Fund appropriations) in FY 2017. Decision Unit 500 in the Administration budget would modify the cost allocation to various revenue sources, including net General Fund appropriation of $17,032 in FY 2016 and $28,853 in FY 2017. This is a companion to Decision Unit E-900 and E-500 in the Welfare Administration Budget 3228. **This recommendation appears reasonable.**

   Does the Subcommittee wish to approve all other closing items as recommended by the Governor, and grant staff the authority to make technical adjustments as necessary?

The Subcommittee recommended approval of all Other Closing Items as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

Title: HHS-WELFARE - CHILD SUPPORT ENFORCEMENT PROGRAM **Budget Page:** DHHS-DWSS-37, **Volume II**

Account: 101 - 3238

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	30,858	3,256,733	10453.93	3,424,654	5.16	2,790,931	(18.50)
FEDERAL FUND	8,187,532	10,751,927	31.32	9,219,295	(14.25)	9,695,104	5.16
GENERAL FUND						100,000	
OTHER FUND	4,708,561	6,295,948	33.71	5,343,115	(15.13)	5,509,512	3.11
Total Revenues	12,926,951	20,304,608	57.07	17,987,064	(11.41)	18,095,547	0.60
Total FTE		113.00		117.00		117.00	

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	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 Child Support Enforcement Program (CSEP) strengthens families and reduces welfare dependency by ensuring parents live up to the responsibility of supporting their children. Title IV-D of the federal Social Security Act requires every state to provide child support services. In Nevada, the Title IV-D program is supervised by the Division of Welfare and Supportive Services (DWSS) and jointly operated with county District Attorney's through cooperative agreements. The CSEP provides five basic services: location of absent parents, establishment of parentage, establishment of child support orders, collection of support payments and enforcement of private medical insurance. Funding for the CSEP is based on 66 percent federal financial participation (FFP) and 34 percent state or county match. The state's financial contribution relies primarily on the state share of collections retained from Temporary Assistance for Needy Families (TANF) child support cases with nominal contribution from the retained portion of the $2 employer-withholding fee and the $25 annually from non-public assistance cases.

Major Closing Issues

1. Four New Positions
2. Replacement of Payment Processing Software
3. Planning for Replacement of Child Support Processing System

Discussion of Major Closing Issues

1. Four New Positions (E-236, DHHS-DWSS-40): The Governor recommends a combination of federal funds and state share of collection reserves totaling $202,529 in FY 2016 and $232,573 in FY 2017 for two Administrative Assistant (AA) and two Family Service Specialist (FSS) positions for the Nevada Intergovernmental Initiating Office (NIIO). The NIIO is located in the Child Support Center of Southern Nevada and handles the caseload of non-custodial parents (NCPs) that live out of state. The agency reports that the NIIO office has been unsuccessful in processing cases in a timely manner due to insufficient staffing levels, which could lead to failure in meeting federal standards and result in penalties against the Temporary Assistance for Needy Families (TANF) block grant. The agency also reports that insufficient staffing may lead to faulty and/or tardy legal document preparation, incorrect distribution of monies, legal actions, and the financial difficulties of custodial parents. The agency also reports that these four new positions would help ensure the federal performance measurements (locate; paternity establishment; establishing support orders, stipulations and modifications; and support enforcement) are met and maintained by ensuring timely delivery and action upon correspondence from other jurisdictions, parents and child support partners.

   During the budget hearing, the DWSS testified that it is requesting two FSS positions based on an optimal staffing standard of 350 cases to one FSS position (350:1) and two AA positions were based on a staffing guideline of four FSSs to one AA (4:1). The DWSS provided caseload data which shows the average monthly caseload increased from 14,625 in FY 2013 to 16,051 in FY 2014. According to the 350:1 staffing ratio, the increase of 1,427 would support four additional FSS positions. However, the agency indicates that it is requesting two due to budget constraints. Two additional AA positions would increase the total AA positions in the Las Vegas office to four, which aligns with a staffing guideline of one AA position to four FSS positions.

   Does the Subcommittee wish approve the Governor's recommendation for a combination of federal funds and state share of collection reserves totaling $202,529 in FY 2016 and $232,573 in FY 2017 for two Administrative Assistant and two Family Service Specialist positions?

The Subcommittee recommended approval of the Governor's recommendation for a combination of federal funds and state share of collection reserves totaling $202,529 in FY 2016 and $232,573 in FY 2017 for two Administrative Assistant and two Family Service Specialist positions.

2. Replacement of Payment Processing Software (E-550, DHHS-DWSS-40): The Governor recommends a combination of federal funds and state share of collection reserves totaling $400,000 in each year of the biennium for a technology investment request (TIR) to replace the existing Collection and Distribution System (CDS) with a new software solution. The desired solution will capture incoming checks from non-custodial parents (NCPs) and organizations collecting payments from NCPs and supporting documents by scanning in batches, assigning the documents unique control numbers, placing them in a queue for verification, and posting the documents to the Nevada Operations of Multi-Automated Data Systems (NOMADS). The division indicates the solution would increase data security by eliminating outdated, unpatched and unsupported technology, and would enable staff to work at peak efficiency.

   The TIR states that the primary business objective is to replace the existing system with a Software-as-a-Service (SaaS) solution that would perform all of the existing functions while eliminating known flaws. SaaS is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. In discussions with the agency, it was indicated that the data would reside on the chosen software vendor's servers. Staff inquired about the precautions the agency would take to ensure the protection of client data. The agency responded that the vendor will be verified and stipulations included in the contract to insure data security. Further, the agency reported that about half of the states outsource the collection and disbursement function, and many proficient vendors exist.

The TIR indicates that the current system has a number of design flaws that cannot be corrected through software updates. Furthermore, the current CDS uses technology that is no longer supported by the vendor, and therefore, the agency is not receiving updates for defects and security flaws. The agency testified if the system were to experience a catastrophic failure, the DWSS IT staff may not be able to repair the system. In order to fix the flaws in the system, DWSS indicates that the system would need to be re-written.

When asked if the improved efficiency would negate the need for the four positions requested in Decision Unit E-236, DWSS indicated that the child support collection workers only receive and distribute payments and do not perform case management activities as part of DWSS's internal control parameters; therefore, the caseworkers would still be needed.

Furthermore, the TIR indicates that failure to implement a statewide system would result in financial penalties imposed by the federal government. In order to meet federal requirements, the state must distribute child support payments within two business days after receipt if sufficient information identifying the payee is provided. The DWSS indicates that if a new system is approved, efficiency gains would be realized by being in compliance more frequently. The agency reports that it is out of compliance at least once a month and being out of compliance is becoming more frequent. The agency also reports the federal government has yet to penalize DWSS for not being in compliance; however, more importantly to DWSS is the timely payments to families and children.

Does the Subcommittee wish to approve the Governor's recommendation for a combination of federal funds and state share of collection reserves totaling $400,000 in each year of the biennium to replace the existing Collection and Distribution System with a new software solution?

The Subcommittee recommended approval of the Governor's recommendation for a combination of federal funds and state share of collection reserves totaling $400,000 in each year of the biennium to replace the existing Collection and Distribution System with a new software solution.

3. Planning for Replacement of Child Support Processing System (E-552, DHHS-DWSS-41): The Governor recommends $294,118 ($100,000 General Fund appropriation) in FY 2017 for the initial planning and processing for a request for proposal (RFP) to modernize the Child Support Enforcement system in NOMADS. Staff would note that the 2009 Legislature approved $1.0 million to fund a TIR to identify alternative solutions and estimate costs for modernizing the CSEP software application residing on NOMADS. This first phase was completed in October 2011 and consisted of a comprehensive assessment of the ability of NOMADS to perform business responsibilities required by federal and state laws, regulations and policy. In addition, the 2013 Legislature approved $1.0 million to fund a TIR to conduct a formal feasibility study, which was initiated in April 2014, to fully identify CSEP requirements, consider potential alternate solutions and estimate costs. During the March 5, 2015, budget hearing, the agency testified that it expects the feasibility study to be completed in early calendar year 2016.

   Upon completion of the feasibility study authorized by the 2013 Legislature and approval of this recommendation, DWSS plans to solicit vendors for a new CSEP system. The DWSS testified that the goal would be to have the RFP completed, the vendor selected and the costs and timeframe known in time for consideration by the 2017 Legislature.

The recommendation in this decision unit depicts the estimated cost to retain project management and quality assurance support to assist the division with the initial planning and processing for the selection of a design, development and implementation vendor for the project, with the remaining project costs to appear in subsequent biennia. The agency reports that it anticipates the initial planning and processing of the RFP would begin in February 2017.

During the March 5, 2015, budget hearing, the agency testified the replacement system is currently estimated from $120 million ($40.8 million General Fund appropriations) to $130 million ($44.2 million General Fund appropriations) with a 66 percent federal match rate and 34 percent state funds (State Share of Collections and/or General Fund appropriations). According to the agency, the project is expected to span three to four biennia.

Does the Subcommittee wish to approve the Governor's recommendation of $194,118 in federal funds and a $100,000 General Fund appropriation in FY 2017 for the initial planning and processing for a request for proposal (RFP) to modernize the Child Support Enforcement system in Nevada Operations of Multi-Automated Data Systems?

The Subcommittee recommended approval of the Governor's recommendation of $194,118 in federal funds and a $100,000 General Fund appropriation in FY 2017 for the initial planning and processing for a request for proposal to modernize the Child Support Enforcement system in Nevada Operations of Multi-Automated Data Systems.

Other Closing Items

Equipment Replacement (E-710, DHHS-DWSS-42): The Governor recommends a combination of federal funds and state share of collections totaling $114,243 in FY 2016 and $284,007 in FY 2017 for replacement computer hardware and associated software, including 132 flat panel monitors, 77 software packages (MS Office, Novell, Z-Scope), 61 PCs without monitor, 28 desktop scanners, 10 port switches, 10 PCs with monitor, 7 print servers, 6 laptops; 6 docking stations, 6 desktop monitors with speaker bar, 2 UPSs; 1 router, and 1 enterprise switch. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Other Closing Item as recommended by the Governor? Staff requests authority to make technical adjustments as necessary.

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

Title: HHS-WELFARE - CHILD SUPPORT FEDERAL REIMBURSEMENT **Budget Page:** DHHS-DWSS-44, **Volume II**

Account: 101 - 3239

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(39,541)	217,147	(649.17)	217,145	(0.00)	256,685	18.21
FEDERAL FUND	22,028,229	40,796,573	85.20	25,667,593	(37.08)	26,950,527	5.00
OTHER FUND	40,612	19,179	(52.78)	40,612	111.75	40,611	(0.00)
Total Revenues	22,029,300	41,032,899	86.27	25,925,350	(36.82)	27,247,823	5.10

Total FTE

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	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 Child Support Federal Reimbursement budget is used to pass through federal payments to participating district attorney's offices for the federal share of costs and incentive payments associated with their local child support enforcement programs. Currently 10 of the 17 Nevada district attorneys participate in the program under contract to provide intake, location of non-custodial parents, paternity establishment, financial and medical support order establishment and other enforcement activities. The Child Support Federal Reimbursement budget was created in 1999 to separate the child support program's state administrative costs from the pass through of federal funds to local district attorneys and the Attorney General's Office.

Major Closing Issues

There are no major issues.

Staff recommends approval of this budget as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

The Subcommittee recommended approval of this budget as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

Title: HHS-WELFARE - CHILD ASSISTANCE AND DEVELOPMENT **Budget Page:** DHHS-DWSS-46, **Volume II**
Account: 101 - 3267

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	26,480,732	32,857,903	24.08	35,414,866	7.78	36,462,622	2.96
GENERAL FUND	4,580,666	4,583,446	0.06	2,580,421	(43.70)	2,580,421	
INTERIM FINANCE	25,152						
Total Revenues	31,086,550	37,441,349	20.44	37,995,287	1.48	39,043,043	2.76
Total FTE		5.00		4.00		4.00	

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	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 Child Care Assistance and Development Program (CCDP) assists Nevada's low-income families in paying for their childcare needs. The Child Care and Development Block Grant funds the following childcare programs: 1) New Employees of Nevada (NEON), which provides childcare services to current Temporary Assistance for Needy Families (TANF) clients participating in various NEON components such as orientation, education and vocational training, employment seeking and work participation; 2) At-Risk, which funds childcare payments for non-TANF clients who are income eligible for TANF; and 3) Discretionary, which funds childcare and related payments for non-TANF eligible clients.

The division contracts with the Children's Cabinet in Northern Nevada and the Urban League in Southern Nevada to determine applicant eligibility and approve payments to child care providers. The Children's Cabinet in the north and The United Way of Southern Nevada contractually process child care provider payments. Additional services provided through these contractors include child care resource and referral statewide, recruitment and training of child care providers, and monitoring of providers and technical advice. The division also contracts with the Nevada Department of Education for child care licensing and monitoring under the Quality Assurance umbrella.

Major Closing Issues

1. Caseload Increases
2. Funding to Increase the Number of At-Risk Children Served

Discussion of Major Closing Issues

1. Caseload Increases (M-200, DHHS-DWSS-47): The Governor recommends federal funds totaling $4.7 million in FY 2016 and $5.8 million in FY 2017 to support activities associated with issuing benefits to more clients due to caseload increases. The Executive Budget projects the total number of children served to increase from a monthly average of 4,851 in FY 2014 to 5,879 in FY 2017, a 21.2 percent increase.

   The division has provided updated caseload information to Fiscal staff identifying changes in the projected number of children served in the Child Assistance and Development program over the biennium. The table below shows the division's updated caseload information, along with FY 2014 actuals for comparison. It should be noted that the Governor's funding recommendations would fully serve the NEON caseload; however, the At-Risk and Discretionary populations would not be fully served, which would result in a waiting list for these two client types.

Average Monthly Child Assistance Caseload Projections						
	Actual **FY 2014**	**Gov Rec** **FY 2016**	**Projected** **FY 2016**	**Gov Rec** **FY 2017**	**Projected** **FY 2017**	**% Change** **FY 2017 over FY 2014**
NEON	1,628	1,727	1,842	1,727	1,867	14.7%
At-Risk	2,353	3,045	2,340	3,231	2,240	-4.8%
Discretionary	870	920	962	921	968	11.3%
Total Served	**4,851**	**5,692**	**5,144**	**5,879**	**5,075**	**4.6%**

   The March 2015 caseload projections indicate the total caseload is anticipated to be 4.6 percent greater in FY 2017 than the realized caseload in FY 2014, which compares to a growth rate of 21.2 percent over the same period as originally projected in The Executive Budget. As a result of the revised projections, DWSS anticipates reducing federal funds to $874,415 in FY 2016 and $462,530 in FY 2017. This closing document reflects a decrease in federal funds of $3.8 million in FY 2016 and $5.3 million in FY 2017 from the amounts shown in The Executive Budget to account for the revised caseload projections.

   During the budget hearing, the agency testified that TANF recipients who need childcare are automatically enrolled in NEON services. The Subcommittee may recall that the TANF caseload is expected to decline. Staff inquired into the projected increase in the NEON population given a declining TANF caseload. The agency responded that in an effort to increase the TANF work participation rate, it has put an emphasis on assisting TANF recipients to seek work; therefore, the NEON participation is projected to increase. According to the agency, from April 2014 to November 2014, DWSS program staff held the At-risk caseload steady because the NEON caseload experienced significant growth.

   The division requests the original caseload estimates and funding levels remain in the budget, indicating budget reductions since 2009 have led to the elimination of some services, thereby decreasing the overall caseload. However, the division is meeting with program contractors and members of the Child Care Advisory Committee to discuss opportunities to increase the number of families participating in the program, and believes the original caseload information in The Executive Budget is more representative of likely caseload in the 2015-17 biennium.

If the Subcommittee wishes to approve additional federal funding to support caseload growth, it could consider the following options:

a) Approve the Governor's original recommendation of federal funds totaling $4.7 million in FY 2016 and $5.8 million in FY 2017 to support activities associated with issuing benefits to more clients due to caseload increases. This option would provide childcare services to an additional 841 children in FY 2016 and 1,028 in FY 2017.

b) Approve the revised amount of federal funds totaling $874,415 in FY 2016 and $462,530 in FY 2017 to support providing childcare services to an additional 291 children in FY 2016 and 224 children in FY 2017 due to caseload increases.

The Subcommittee recommended approval of the Governor's recommendation of federal funds totaling $4.7 million in FY 2016 and $5.8 million in FY 2017 to support activities associated with issuing benefits to more clients due to caseload increases.

2. <u>Funding to Increase the Number of At-Risk Children Served (E-245, DHHS-DWSS-48)</u>: The Governor recommends federal funds of $1.1 million in each year of the biennium to provide childcare assistance for 240 additional children over the biennium in the At-Risk category. The division indicates the increase will partially restore funds lost in prior years due to federal and state reduction in services.

   In response to the Subcommittee's questions regarding the number of children on the waiting list, the agency indicated the waitlist for childcare reflects those families that are actively managed on the Child Care and Development Program waitlist. The program currently serves families in the lowest income bracket of the At-risk category, which currently has no wait list. Children in the At-risk category above this income level are placed on the waitlist, and children above the At-risk income level are considered unserved by the program. According to the division, there are currently 670 children on the At-risk waitlist due to income requirements, and the division estimates that $1,873,441 would be necessary in each fiscal year to serve all At-risk waitlist children.

   Does the Subcommittee wish to approve the Governor's recommendation for federal funds of $1.1 million in each year of the biennium to provide childcare assistance for 240 additional children over the biennium in the At-Risk category?

The Subcommittee recommended approval of the Governor's recommendation for federal funds of $1.1 million in each year of the biennium to provide childcare assistance for 240 additional children over the biennium in the At-Risk category.

<u>Other Closing Items</u>

1. <u>Replacement Equipment (E-710, DHHS-DWSS-49)</u>: The Governor recommends federal funds of $8,511 in FY 2016 and $20,802 in FY 2017 to replace four laptops with operating system, four laptop docking stations, four surge protectors, four software packages, four dual desktop monitors with speaker bar, two projectors, one print server, and one router that the division indicates has expended its useful life. **This recommendation appears reasonable.**

2. <u>Transfer Position to DWSS Administration (E-901, DHHS-DWSS-49-50)</u>: The Governor recommends the transfer of one Quality Control Specialist position from the Child Assistance and Development budget to the DWSS Administration budget. The division indicates this position currently supports multiple programs and the transfer will allow it to be appropriately cost allocated to all benefiting programs. The position is currently funded with federal funds of $67,428 in FY 2016 and $69,383 in FY 2017; in the Administration budget it would be cost allocated to various revenue sources, including

General Fund appropriations of $21,440 in FY 2016 and $22,180 in FY 2017. This is a companion to DWSS Administration budget, Decision Units E-501 and E-901. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve all Other Closing Items as recommended by the Governor? Staff requests authority to make technical adjustments as necessary.

The Subcommittee recommended approval of all Other Closing Items as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

Informational Item — No Subcommittee Action is Required

Budget Reductions and Maintenance of Effort: The Governor recommends reducing General Fund appropriations for this account by 43.7 percent from the legislatively approved amounts in the 2013-15 biennium of $9.2 million to $5.2 million for the 2015-17 biennium. General Fund appropriations in this account have historically been used to match federal grants and provide funding for a portion of the TANF Block Grant maintenance of effort (MOE) requirement, which is $2.6 million annually in this budget. For the 2015-17 biennium, the Governor recommends the General Fund appropriations in the Child Assistance and Development budget be reduced to the minimum MOE amount in each year ($2.6 million) and to use certified matching funds in lieu of General Fund appropriations as the state's portion for matching federal funds. Certified matching funds consist of qualifying expenditures from both public and private community partners.

The division has indicated that the long-term use of certified match to offset General Fund appropriations may be problematic, because there is a limited pool of external agencies from which to draw certified matching funds, and the external expenditures that qualify as matching funds can fluctuate from year-to-year. In addition, if certified match is not available, the division's ability to draw all of the available federal funds would be impacted. Further, the division indicates that each dollar of certified match used in lieu of General Fund appropriations reduces spending authority by an equal amount (i.e., $1 General Fund + $1 Federal = $2 spending authority; $1 Certified Match + $1 Federal = $1 spending authority). During the March 5, 2015, budget hearing, the agency testified that DWSS has identified sufficient certified match for the MOE for this budget for the next two years of the biennium, and does not anticipate losing federal funds. According to the agency, the funding is based on the federal FY 2015 award of $39.3 million. **This item does not require action by the Subcommittee.**

Title: HHS-WELFARE - ENERGY ASSISTANCE PROGRAM **Budget Page:** DHHS-DWSS-51, **Volume II**
Account: 101 - 4862

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	12,486,290	11,104,095	(11.07)	12,301,112	10.78	12,723,092	3.43
OTHER FUND	6,935,631	9,046,829	30.44	11,335,446	25.30	11,824,123	4.31
Total Revenues	19,421,921	20,150,924	3.75	23,636,558	17.30	24,547,215	3.85
Total FTE		12.00		21.00		21.00	

Adjustments to Revenue

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

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	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 Energy Assistance Program assists eligible Nevada citizens in meeting their home heating and cooling needs. The program provides payments for eligible households, which can be applied to either the heating provider, the cooling provider or split between the two. Funding for the Energy Assistance Program is provided by the Low Income Home Energy Assistance Program (LIHEA) Block Grant and Universal Energy Charges (UEC) from the Fund for Energy Assistance and Conservation. The Legislature, during the 22nd Special Session (Assembly Bill 3), increased the portion of the money distributed to the division from the Fund for Energy Assistance and Conservation, which can be used for administrative expenses, from 3 percent to 5 percent. Assembly Bill 390 of the 2011 Session clarified that mobile home park tenants and certain mass-meter electricity consumers are eligible for assistance payments.

Major Closing Issues

1. Replace Contract Staff with Permanent and Intermittent Positions
2. Caseload Increases

Discussion of Major Closing Issues

1. Replace Contract Staff with Permanent and Intermittent Positions (E-248, DHHS-DWSS–53): The Governor recommends Universal Energy Charge revenues totaling $302,111 in FY 2016 and $408,054 in FY 2017 to replace 25 contract staff with 9 full-time and 16 intermittent positions. Currently, the agency contracts with a temporary agency to provide staff to assist in the processing of

Energy Assistance applications. According to the agency, the contract staff assume the roles of, and are paid comparable salaries to, Administrative Assistant I positions and Administrative Assistant IV positions in the classified service of the state.

The agency indicates it has been unable to maintain a stable workforce of trained staff to process applications due to high turnover rates among contract staff. For example, the agency indicates that at the time The Executive Budget was prepared, 75 percent of the contracted staff were with the agency for less than one year, and half were with the agency for less than six months. The division further states that contract caseworkers stay in their positions an average of 11 months, which is less than half of the time state employee caseworkers stay in their positions. In addition, the agency indicates it takes approximately 6 months before a caseworker is sufficiently trained on-the-job to perform their duties independently. The agency also indicates that the productivity of fully trained staff is affected by the attrition rate as well, because a portion of their time is required to train new staff, which includes reviewing all work for accuracy prior to posting eligibility decisions and authorizing benefits. As a result, the division reports that it has not always been able to process applications in a timely manner, thereby delaying benefits to households in need of service. The agency's timeliness issue is evidenced by Performance Indicator #2 (DHHS-DWSS-11), which shows the agency did not meet its goal of processing 95 percent of Energy Assistance applications within 60 days in FY 2014, instead registering a timeliness level of 61.1 percent.

The agency currently has 12 employees: 1 Social Services Manager, 2 Program Officers, 6 Administrative Assistant IV positions, and 3 Administrative Assistant I positions. The agency indicates the 3 Administrative Assistant I positions perform clerical functions related to the Energy Assistance application process, while the 6 Administrative Assistant IV positions act as case managers and make eligibility and assistance determinations. In addition to the 12 permanent positions, the agency employs 25 contract staff to assist with the Energy Assistance application and processing caseload. Of the 25 contract staff, the agency indicates 14 are equivalent to Administrative Assistant IV positions and the remaining 11 are equivalent to Administrative Assistant I positions. The Executive Budget recommends converting 6 contract Administrative Assistant IV positions to permanent Administrative Assistant IV positions, and 3 contract Administrative Assistant I positions to permanent Administrative Assistant I positions. The remaining 16 contract positions (8 Administrative Assistant IV level and 8 Administrative Assistant I level) would remain in their current designation, but be moved to intermittent positions instead of contract positions.

A starting date of October 1, 2015, is recommended for all 9 permanent positions, 8 intermittent Administrative Assistant I positions, and 1 intermittent Administrative Assistant IV, while the remaining 7 intermittent Administrative Assistant IV positions are recommended to begin on February 1, 2016. Contract staff would continue to operate in their current capacities until the permanent and intermittent positions begin employment. The agency indicates that currently, Energy Assistance staff is located primarily in two offices – the Carson City District Office and the Flamingo District Office in Las Vegas, with one staff located at the Lewis Office call center in Las Vegas. The agency indicates the current mix of positions in the assigned office locations would not change with the recommended conversion from contract to permanent and intermittent positions.

Staff notes that the agency intends for the intermittent positions to work full-time schedules, and as such, they would be entitled to retirement and insurance benefits. In addition, intermittent positions require the state to pay the same personnel assessments that are required of permanent full-time positions. As a result, in addition to salary costs, the full cost of intermittent positions includes retirement contributions, insurance contributions, and various personnel assessment costs. In the case of the 16 recommended intermittent positions, the biennial salary cost would be $703,833, while the associated benefit costs would be $444,994.

The Subcommittee should note that the total cost for this recommendation is the difference between the cost for state permanent and intermittent positions versus the cost for contract positions, which differs primarily due to the cost to provide employee benefits. This recommendation does not include any new equipment costs because the recommended state positions would utilize the existing equipment used by the contract staff. The total cost for this recommendation is partially offset by reductions to contract services of $445,585 in FY 2016 and $789,450 in FY 2017, leaving the net cost of $301,152 in FY 2016 and $377,977 in FY 2017. Staff notes that the Energy Assistance Program would stay within its administrative cap limits if this recommendation is approved.

In response to the Subcommittee's questions during the March 5, 2015, budget hearing, the agency confirmed that it would be able to meet the performance measure of processing 95 percent of Energy Assistance applications within 60 days if this recommendation is approved. In addition, the agency clarified that the 16 intermittent positions would be employed full-time (40 hours/week) every month during the biennium based on the projected caseload, and that there would not be a need to employ any contract positions in the foreseeable future. Staff notes that the agency currently serves the entire Energy Assistance caseload with no waiting list, and the agency stated that the cost associated with this recommendation would not result in a reduction in the number of households the EAP program would be able to serve in the 2015-17 biennium and in the foreseeable future.

Does the Subcommittee wish to approve the Governor's recommendation for Universal Energy Charge revenues totaling $302,111 in FY 2016 and $408,054 in FY 2017 to replace 25 contract staff with 9 full-time and 16 intermittent positions?

The Subcommittee recommended approval of the Governor's recommendation for Universal Energy Charge revenues totaling $302,111 in FY 2016 and $408,054 in FY 2017 to replace 25 contract staff with 9 full-time and 16 intermittent positions.

2. Caseload Increases (M-200, DHHS-DWSS-52): The Executive Budget recommends $3.8 million in FY 2016 and $4.5 million in FY 2017 to fund the projected caseload increase in eligible Energy Assistance recipients for the 2015-17 biennium. Funding for these increases is from federal LIHEA program funds totaling $2.1 million in FY 2016 and $2.5 million in FY 2017, and UEC funding of $1.7 million in FY 2016 and $2.0 million in FY 2017. The agency projects the average monthly caseload will increase from 2,250 households in FY 2015 to 2,376 households in FY 2016 and 2,466 in FY 2017, representing increases of 5.6 percent and 9.6 percent, respectively. The agency indicates it currently serves all eligible households, and this decision module would allow the agency to continue to serve all eligible households while maintaining the current average annual assistance payment of $732. In follow-up with the agency, recently revised caseload projections do not have an impact on the EAP program; therefore, no changes are recommended for this budget.

   Based on the information provided by the agency, the caseload increases recommended by the Governor to fund the total number of projected eligible households appears reasonable. Does the Subcommittee wish to approve $3.8 million in FY 2016 and $4.5 million in FY 2017 to fund the caseload increases recommended by the Governor?

   The Subcommittee recommended approval of $3.8 million in FY 2016 and $4.5 million in FY 2017, composed of a combination of federal LIHEA funds and UEC funding, to fund the projected caseload increase in eligible Energy Assistance recipients for the 2015-17 biennium as originally recommended in The Executive Budget.

Other Closing Items

Replacement Equipment (E-710, DHHS-DWSS-54): The Executive Budget recommends a combination of federal LIHEA Grant funds and UEC funding of $21,418 over the 2015-17 biennium for replacement computer hardware and software, including 18 computer monitors, 10 desktop PCs, and 10 copies of Microsoft Office. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Other Closing Item as recommended by the Governor, with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of the Other Closing Item as recommended by the Governor, including authority for staff to make technical adjustments as necessary.