

MINUTES

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Assembly

WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE - 57th SESSION

March 12, 1973

Meeting called to order by Chairman Mello at 8:05 AM in the Ways and Means Committee Room.

Present: Chairman Mello, Vice-Chairman Schofield, Messrs. Robinson, Capurro, Howard, Smith, Prince and Hafen. Mr. Dreyer had an excused absence.

Also Present: Randy Webb and Ron Sparks.

Motion to accept the Minutes of the meeting of March 7, 1973, was made by Mr. Prince. Second by Mr. Hafen. Motion passed.

Introduction of Robert Archie, Executive Director, and Ace Martell, Chief, Financial Management, Employment Security Department.

Mr. Archie's opening remarks were directed to the Federal funding of the Department. A copy of his remarks are attached. In essence the Federal government has cut funding but expects increases in production.

Central Data Processing: Mr. Archie responded that at this point his Agency has no intention of going on the State computer, because of not being able to come to an agreement on the cost and also not being able to establish a priority for his agency.

Out-of-State Travel: Used mainly for training seminars. Since all Employment Security Departments in all of the States are run by the Federal government, these training seminars are used to keep all agencies on the same level proficiency. This generates competition for performance among the agencies; Nevada now ranks "#2" in Region IX.

In-State Travel: This category also includes the motor pool rates for the entire agency. Cost of the motor pool runs \$75-\$80,000 per year. This not only includes travel for the appeals referee and the Board of Review but it also includes travel for agency personnel for training seminars and in-house orientation.

The new annex for the Employment Security Department will cost approximately \$4,000,000. There will be 80,000 square feet in the building. The Agency is now paying \$70,000 a year for space occupied outside of the SAO in Carson City.

Discussion followed regarding fraudulent statements by recipients of unemployment compensation. The Agency has been handling these fraud case administratively instead of having the counties prosecute because of a cost savings factor.

* Exhibit A

Introduction of Mr. Hal Ramirez and Mr. Bill Green of the Nevada State Manpower Planning Council, page 11: Mr. Ramirez explained the function of his office as relates to the manpower programs in the State. See attached summary.

Chairman Mello questioned Mr. Ramirez as to whether his current work program was up-to-date. Mr. Green pointed out that the Council runs on a fiscal year beginning September 1.

Chairman Mello requested that before the budget is closed that the Committee be furnished with a correct up-to-date budget.

Break taken at 8:50 for 10 minutes.

Meeting resumed with Chancellor Neil Humphrey of the University System regarding the funding for legal services. The Committee was presented with a letter from Chancellor Humphrey to Chairman Mello with the attachment from Procter Hug, Jr.

On page 181, under the category of Chancellor's Office, Operating expense in the amount of \$81,594 under the Governor's Recommendation column, this amount includes \$22,000 for legal services. The legal services are provided by two private law firms, one in Las Vegas and the other in Reno. The appropriation necessary for retaining these firms is \$40,000. The remaining amount of \$18,000 was to be placed in the budget for the Attorney General's office, but in actuality was not included in the AG's budget. To remedy this situation there are three alternative ways to provide the full appropriation necessary: (1) place an additional General Fund appropriation in the Chancellor's Office budget; (2) place an additional General Fund appropriation in the Attorney General's budget; or (3) place the entire appropriation of \$40,000 in the Attorney General's budget. Ron Sparks is to contact the Attorney General as to his position regarding the budgeting of this item.

Introduction of Mr. John Krug, Executive Director, Advisory Council for Career Education, page 153: This Council has always been funded entirely by Federal funds. It was felt by the Budget Office that to maintain the current work level it would be necessary for the Council to receive an appropriation of \$5,000 from the General Fund.

Out-of-State Travel: These funds are used to attend meetings and conferences.

In-State Travel: Used for quarterly meetings of the Council. The Council is composed of 21 members. (A listing of these members was provided to the Committee.) Although the work program exceeds the actual appropriation, money has been used from other categories of the budget; mainly from Contractual Services and Other Contract Services. In regard to these last two categories that Governor has not recommended any funding for these for the biennium.

Mr. Schofield raised the question of why General Fund appropriations

were needed when the Federal government has made a minimum guarantee of \$50,000. He stated that perhaps the Council should look to the Federal government for the difference in funding needed rather than to the State.

Meeting adjourned at 9:45.

EXECUTIVE BUDGET PRESENTATION FOR FISCAL YEARS 1974-75

The primary purpose of the Employment Security Department is to place people in jobs of long-term, gainful employment, thus utilizing to full capacity the manpower services of the State of Nevada, and to administer the Unemployment Compensation Law as outlined in Nevada Revised Statutes 612.

The biennium budget was submitted for FY's 73-74 and 74-75 based upon historical data from prior fiscal years. Nominal increases were included in the budget for anticipated increases in salaries and operating expenses.

The Employment Security Department is not a State General Fund agency, but is instead 100% federally funded on a year-to-year basis through the Department of Labor. In FY-73, Employment Security's administrative budget was reduced in excess of \$650,000 due to cutbacks in federal spending. In early January, 1973, the Agency was advised of another reduction for third and fourth quarters of this fiscal year, as the Office of Management and Budget has refused to release funding for the third and fourth quarter contingency. The contingency funding is used on a quarterly basis to defray workload increases for the Unemployment Compensation Division, as well as increased costs due to law changes, such as the proposed salary increase that is to be retroactive to January 1, 1973. The above cuts represent an additional \$350,000 reduction in Employment Security Department's budget.

The Agency is currently preparing its FY-74 budget for the Department of Labor and has been instructed that it will suffer a reduction of approximately 20%, which will directly impact the services rendered to the citizens of Nevada.

In FY's 72-73 and 73-74, the budgets for Employment Security agencies have been arbitrarily reduced by the Federal Government without any consideration as to the obvious impact that it has on the capability of the agencies to render services as required, yet the Department of Labor is again mandating increases in

production in the placement activities by over 20%. It is going to be difficult, if not impossible, for this Agency to ^{INCREASE} ~~maintain current~~ production effort due to reductions in resources.

depending on workload.

In the past, the UI budget has been ~~regularly~~ adjusted quarterly. The capability for quarterly adjustment avoids any severe penalty for errors in estimating workloads since the estimate is for a relatively short period. In fact, it has been possible to adjust an estimate after the onset of a quarter, if a significant variance in workloads materialized as compared to the original estimates. Beginning with FY-74, this will no longer be allowed. Workloads must now be estimated five months prior to the beginning and 17 months prior to the end of the year being budgeted. Allowances for quarterly fluctuations, to which UI workloads are very susceptible, must be built into the annual estimate. Once agreed upon, no change in either the quarterly or annual allowances will be possible.

Although the exact figures are not yet available, Nevada has been assured that the minutes allowed to perform each unit of UI work will be reduced for the coming year. This comes on top of similar reductions for each of the two past fiscal years. The reduction in FY-73 amounted to ten positions on a base of 120 involved in claimstaking activities. A further reduction of about this magnitude is anticipated for the coming year.

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MTS

still continuing results

The U.S. Department of Labor allocates to Nevada roughly \$7 million yearly for categorical manpower programs. These programs are intended to influence the quality and composition of the work force by increasing the skills and employment opportunities of individuals in the work force, or those who desire to be in it but are vocationally unprepared or face other barriers to employment. In Nevada these programs provide skill training, transitional employment experience, job placement assistance, related child care, and social and health services. For FY 1972 3,810 Nevadans were served.

The Nevada State Manpower Planning Council is funded in total by the U.S. Department of Labor. Staffing consists of a Chairman, three professionals, two clerical and a Public Employment Program Manpower Aide.

The primary functions of this Council are:

1. Evaluate and monitor goals and performance of the aforementioned categorical programs.
2. Coordinate these programs with other Federal, State, and Local resources for maximum utilization.
3. Advise the Governor on manpower activities within the state.
4. Preparation of the Governor's Annual Nevada Comprehensive Manpower Plan.
5. Submit on-going program recommendations to the Governor and the Regional Manpower Administration based on identified local and state needs and priorities as they relate to manpower.

A. In Fy 1972 these needs and priorities are reflected in the following new or expanded programs:

(1) MEDIHC (Military Experience Directed Into Health Careers) Statewide	\$ 10,000
(2) SER (Service, Employment, Redevelopment) Clark County - <i>Washoe Planning</i>	437,000
(3) NYC (Neighborhood Youth Corps) (additional funds)	28,000
(4) ITC (for manpower planning)	22,000
(5) Las Vegas Skill Center (additional funds)	160,000
	<u>\$657,000</u>

Manpower assistance from the Governor's Office to local levels of government also emanates from this office. This assistance flows to five geographically located Ancillary Boards in the balance of the state, and are comprised of city, county, public, private and political representation. These boards ultimately identify their own resources, needs and priorities which are reflected in the State Manpower Plan. Coordinated manpower activities also flow from this office to the Clark County Manpower Planning Council, Inter-Tribal Council, and the Washoe County Manpower Planning Council.

The MPC is also responsible for scheduling all activities at the Clear Creek Job Corps site. Youth oriented programs at the facility have served 11,116 individuals from July 1971 to August 1972.