

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
FEBRUARY 19, 1973

The meeting was called to order at 8:30 a.m. Senator Lamb was in the chair.

PRESENT: Floyd R. Lamb
Warren L. Monroe
B. Mahlon Brown
James I. Gibson
William J. Raggio
Clifton Young
Archie Pozzi

Earl Oliver, LCB Fiscal Analyst
Bob Tripp, LCB Deputy Legislative Auditor
Cy Ryan, UPI
Guy Shipler, KOLO TV

Minor Kelso, Welfare Division
George Miller, Administrator, Welfare Division
Minor Kelso, Welfare Division
W. J. LaBodie, "
J. Faehling, "
Gloria Handley, "
Betty Madison, "
Dave Tomlinson, "
Del Frost, Rehabilitation Division
Roger Trounday, Director, Dept. of Health & Welfare

TITLE 19 - Page 298:

The increase in in-state travel is due to the increase in staff and to provide services to medical care facilities, according to Mr. Duarte. The increase in out-of-state travel is due to the complexity of federal regulations necessitating trips to Washington, D.C.

The Welfare Division is reverting funds for the last biennium because they began 2-1/2 years ago removing ineligibles from the rolls. They received criticism from the federal government who stated that there were only perhaps 3% of the welfare recipients who were ineligible. Partly because of Nevada they have now realized that perhaps 40% of the recipients are receiving money fraudulently. The federal government is now initiating programs in the other states requiring early screening, etc., to remove ineligibles from the rolls.

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The decision by the Welfare Division to cut the ineligibles from the welfare rolls was challenged in court and they got a favorable decision in that while the court criticized the methods of notification of ineligibility they supported their right to remove such individuals. During the last biennium the Welfare Division requested more funds than they actually used because while this matter was in the process of appeals they did not know whether they would win or lose the decision in the courts. Mr. Miller stated that they have discovered the welfare rolls still contain about 10% of the recipients who are actually ineligible. Five percent of these they have found they are unable to locate and another 5% they discover have found jobs and are working. He stated that working with the current legislative statutory eligibility requirements no one who could have been eligible for welfare was denied coverage.

Senator Gibson said that Title 19 covers everybody but the medically indigent and that this decision to exclude the medically indigent was made by the last session of the legislature. Two years ago they were told by the federal government that Title 19 would require an 11¢ per recipient when the program was initiated. It actually cost 22¢ per individual and will go very soon to 44¢. Due to H.R. 1 in Congress the eligibility criteria has changed so the projection is higher for the next two years and thus the requested increase for state funding.

AID TO DEPENDENT CHILDREN - Page 299:

If the \$10 increase which the governor has requested for ADC is approved this will increase the number of people eligible for welfare who are currently just that much above the maximum income levels now.

The Welfare Division makes a full check on eligibility in Las Vegas once annually. In many places they check monthly and throughout the state they make semi-annual checks.

OLD AGE ASSISTANCE - Page 300:

H.R. 1 will change old age assistance. When federalization of this program occurs Nevada will have a number of people terminated from this who are in group care facilities. Social Security estimates Nevada's old age assistance rolls will triple, but Mr. Miller felt they would not more than double. They felt this would occur once the stigma of welfare was removed and it was viewed as a social security program.

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AID TO THE BLIND - Page 301:

The special needs program will be federally eliminated and the projection keeps a maintenance level.

FRAUD:

The Welfare Division has referred approximately 350 fraud cases to the district attorneys where ineligible recipients had received welfare money. Mr. Miller said the district attorneys were reluctant to prosecute and so far only one individual had been brought to trial. That individual had received \$2,500 in welfare money and after he was found guilty he received a \$500 fine. Only district attorneys have the power to convict these individuals, but the welfare division has had the attorney general's office begin to put pressure on the district attorneys and if this isn't successful the attorney general will look into prosecuting these individuals.

CHILD WELFARE - Page 302:

The governor recommends a 20% increase in what is currently being paid for foster care. Mr. Miller mentioned that under probation subsidy foster parents receive \$250 per month per child whereas welfare foster parents receive only \$128. He said they were having difficulty in Las Vegas getting foster parents and the fact they got so much more in the probation subsidy program made even less homes available to welfare. The county pays one third and the state two thirds of the welfare foster parent grants, but the state pays 100% of the probation subsidy. With regard to the handicapped children in this budget, there are currently only three children in this program and the expense has increased because one of them is kept in a facility in California.

HOMEMAKING SERVICES - Page 303:

This is a program which has had very little criticism in Washington because it saves the states money. A lot of welfare recipients work in this program as homemakers, thus increasing their incomes a little.

WORK INCENTIVE - Page 304:

Basically, this is a training program operated by the Employment Security Division. So far 110 welfare recipients have been placed in jobs. Mr. Miller said that Nevada's program was viewed as a mediocre failure as compared to a colossal failure as in most states.

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The committee heard the budget request for the U.S. INDIAN SERVICE on Pages 305-306 and the FEDERAL CUBAN REFUGEE on page 306 (of which there are 140 individuals participating in the program).

ELIGIBILITY AND PAYMENTS - Pages 308 to 310:

The Health and Welfare Department was told by the federal government that they must separate the services and eligibility divisions. This would be difficult in order to operate Title 19, for instance. The federal government is having second thoughts about this nationwide mandate, but so far haven't recinded this.

SUPPORT STAFF - Pages 314-318:

Only four new persons were requested in this budget. After the agency made their request the budget was broken down into three separate budgets. The new positions the agency has requested appear throughout these three budgets.

The welfare division is the largest user of Central Data Processing and computer costs are up 127%. The division had to add \$40,000 to this budget in fiscal 1972 to cover the increases in that year. The present computer programs are six years old and must be revamped. They currently have 150 programs working.

REHABILITATION - Pages 319-322:

They have successfully rehabilitated 658 individuals. The cost nationally for rehabilitating an individual is \$3,400, the cost in our four-state region is \$3,291, and the cost for Nevada is \$2,956. They are asking for 16 new positions. There are 29,000 people in the state eligible for service and they currently provide service to 15% of these. Mr. Frost said that this program pays for itself in that it puts money back into the economy and tax rolls when people are returned to employment.

Mr. Frost said that the president had vetoed the rehabilitation act because of one provision which would have allowed states to provide services without employment as a direct goal of these services.

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Mr. Frost works with all parolees, who are screened, and stated they qualified for services due to behavioral disorders.

He said the only increase in travel is to cover the increase in motor pool costs. He said they haven't asked for an increase based upon the request in 16 new positions, and they will not be provided with travel funds.

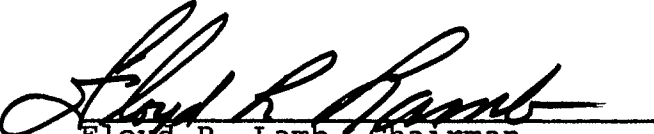
The meeting adjourned at 10:35 a.m.

Respectfully submitted,



Ellen Hocker - Secretary

APPROVED:



Floyd R. Lamb, Chairman

of nevada

DEPARTMENT OF HEALTH, WELFARE AND REHABILITATION
WELFARE DIVISION

201 SOUTH FALL ST., CARSON CITY, NEVADA 89701

21 February 1973

Honorable Floyd Lamb, Chairman
Senate Finance Committee
Nevada State Legislature
Carson City, Nevada 89701

Dear Senator:

Per your request, I am enclosing the combined budgets for Eligibility and Payment, Social Services and the Support Staff. In addition to the combined budget schedule, I have enclosed a summary of position changes for fiscal year 74 and fiscal year 75, and the distribution of the existing positions among the Director's Office, Eligibility and Payment, Social Services and Support Staff.

I would like to comment briefly on some of the items listed in this combined budget:

1. The increase against a travel reflects the additional staff personnel recommended by the Governor. It also reflects additional increases in cost for use of motor pool cars and mileage rates that are paid to employees for use of their own personal cars.
2. The increase under legal and court expenses reflect the transferring of one Deputy Attorney General from the Medical Care Unit budget and one Deputy Attorney General from the Director's budget.
3. There is a significant increase in monies requested for data processing:
 - a. Computer Costs - In relationship to computer costs the Division experienced a 127.3% increase from fiscal year 71 to fiscal year 72 with only a slight increase in the volume of input from the Division. This great increase should be less in the future and should only amount to 10% per year through the next biennium. In addition to the normal increase, the Division is entering into an expanded Social Service Inventory System, the development of a common data base, and the revamping of our six year old present system. These additional functions are estimated to add approximately 20% to the basic computer cost.

- b. Personnel Costs - Our personnel cost from Central Data Processing increased by 25.3% from fiscal year 71 to fiscal year 72 with only a 3.5% increase in the number of personnel hours utilized. We averaged approximately 506 personnel hours during fiscal year 72 and estimate an increase to 525 hours per month.
- c. Key punch Costs - The average of hours per month of key-punch used by the Division were 330 for fiscal year 72. With the increase in caseload, Social Inventory System becoming fully operative in fiscal year 74 and the change-over to a common data base, the number of hours will increase by 10% for fiscal year 74 and an additional 5% for fiscal year 75. The average cost of keypunch per hour increased from fiscal year 71 to fiscal year 72 by 14.5%. There is no indication that this will not continue in the future.

I hope the attached schedules will meet the needs which you outlined and if any further schedules or information is required, please do not hesitate to contact me.

Sincerely,



JOHN R. DUARTE
CHIEF, MANAGEMENT SERVICES

Enc

NEVADA REHABILITATION DIVISION

President Nixon vetoed the Rehabilitation Act of 1972, which resulted in an loss of \$1,000,000 to the State of Nevada in expected vocational rehabilitation funds.

Various Federal Expansion Grants which were awarded to supplement Nevada's \$1,000,000 minimum basic Federal allotment expire on June 30, 1973 which results in a loss of \$369,649 in funds to the Nevada Rehabilitation Division.

Approval of the Governor's recommended budget would prevent the Nevada Rehabilitation Division from having to close the following offices:

| <u>OFFICE</u> | <u>SERVED</u> | <u>REHABED</u> | <u>COST</u> | <u>STAFF</u> |
|--------------------------------------|---------------|----------------|-------------|--------------|
| Henderson Outreach | 184 | 54 | \$96,847 | 4 |
| Westside, Las Vegas | 106 | 10 | 40,200 | 2 |
| Parole & Probation Carson City | 80 | 12 | 33,200 | 2 |
| Poverty & Mental Health Las Vegas | 480 | 111 | 57,000 | 2 |
| Northeast Reno Outreach | 122 | 14 | 50,000 | 2 |
| Ely Outreach | 143 | 22 | 47,400 | 2 |
| Learning Labs Reno & Las Vegas | 196 | | 45,002 | 6 |

APPLICATION OF GENERAL FUND INCREASE AS RECOMMENDED BY GOVERNOR

| | | |
|-------------------------------------|----------------|-----------|
| General Fund Request, FY 1974 | \$887,356 | |
| General Fund Appropriation, FY 1973 | <u>333,586</u> | |
| Recommended Appropriation Increase | | \$553,770 |

General Fund Increase Consumed by:

| | | |
|--|---------------|-----------|
| Loss of Federal Expansion Grant Funds | \$369,649 | |
| Merit Salary Increases | 29,444 | |
| Increased Medical Costs | 54,425 | |
| Employee Insurance | 3,069 | |
| Increased Cost of Goods & Svcs. to Clients | 36,766 | |
| Retirement Cost Increase | 19,984 | |
| State matching — Social Service Grants | <u>40,433</u> | |
| | | \$553,770 |

PROGRAM RESULTS TO BE ACHIEVED WITH GOVERNOR'S BUDGET

Increased service to and rehabilitation of disabled Nevadans:

| <u>Case Activities Report</u> | | | | | | |
|-------------------------------|-------------|-------------|-------------|--------------|---------------|---------------|
| | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973*</u> | <u>1974**</u> | <u>1975**</u> |
| Percent of Disabled | | | | | | |
| Population Served | 12.6 | 13.1 | 14.5 | 15.0 | 15.3 | 15.5 |
| Cases Referred | 1,968 | 2,433 | 3,610 | 4,000 | 5,000 | 5,800 |
| Cases Served | 2,986 | 3,151 | 4,190 | 4,500 | 6,000 | 6,800 |
| Cases Closed | | | | | | |
| Successfully | 505 | 458 | 658 | 675 | 885 | 1,000 |
| Cases Closed Other | 1,749 | 1,756 | 2,164 | 2,325 | 3,115 | 4,300 |
| Cases on Hand | | | | | | |
| At End of Year | 1,329 | 1,548 | 2,336 | 3,336 | 4,336 | 4,836 |

* Projected

**Estimated - based on utilization of Social Services funds for expansion of program.

Tax revenue increases that more than offset program expenditures:

During Fiscal Years 1971 and 1972

The 1,116 Clients Rehabilitated Paid Taxes Annually

| | |
|-----------------------|------------|
| Before Rehabilitation | \$ 273,260 |
| After Rehabilitation | 1,326,663 |
| Tax Revenue Increase | 1,053,403 |

Reduced cost through greater efficiency:

| | <u>National Av.</u> | <u>Region IX Av.</u> | <u>Nevada</u> |
|-------|---------------------|----------------------|------------------------|
| FY 73 | \$3,400 | \$3,291 | \$2,956 |
| FY 74 | ----- | ----- | 2,500 > 15.4% decrease |
| FY 75 | ----- | ----- | 2,260 > 9.6% decrease |

2/5/73

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2/5/73