

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 59TH SESSION

February 9, 1977

The meeting was called to order by Chairman Mello at 8:00 a.m.

PRESENT: Chairman Mello, Mr. Bremner, Mrs. Brookman, Mr. Glover, Mr. Hickey, Mr. Howard, Mr. Kosinski, Mr. Serpa, and Mr. Vergiels.

ALSO PRESENT: Mr. Del Frost, Administrator of the Rehabilitation Division; Mr. Maynard Yasmer, Chief of Staff Services; Mr. Lloyd Mack, Deputy Administrator; Mr. Mervin Flander, Bureau of Services to the Blind; Mr. Paul Cohen, Bureau of Alcohol and Drug Abuse; Ms. Kathleen Olson, Governor's Committee to Employ the Handicapped; Mr. Roy Dowling, Bureau of Vocational Rehabilitation; Mr. Jack Penman, Bureau of Disability Adjudication; Mr. Roger Trounday, Director of the Human Resources Division; Mr. John Dolan, Assembly Fiscal Analyst; and Mr. Bill Bible, Budget Division.

REHABILITATION ADMINISTRATION BUDGET (Page 437)

Mr. Frost reminded members of the Committee that the Rehabilitation Division is an umbrella agency created by the Legislature on July 1, 1973, to include the Bureau of Alcohol and Drug Abuse, the Bureau of Services to the Blind, the Bureau of Vocational Rehabilitation, and the Bureau of Disability Adjudication. Subsequent to that by budget act authority, the Governor's Committee for Employment of the Handicapped was placed in the Division. The Rehabilitation Division administers all provisions of state and federal law relating to these programs. It includes twelve budget accounts, 27 offices throughout the state, and 200 personnel. The revenue for Budget 3268 is derived through an indirect cost allocation plan that is required and approved by the federal government. The Division derives the income for the budget by charging back to the federal/state programs that they administer, a cost allocation formula of 7.5%. The formula is based on the total amount of revenues that come into the Division through its various programs. For example, the total budget for the Bureau of Vocational Rehabilitation will be around \$3,100,000. The Division would charge back to that bureau 7.5% of that gross revenue as their share of the cost for the support services that the Division provides. All planning, research, and program development services, personnel services, training, and administrative policy planning is directed from the Division office.

Mr. Frost pointed out that since reorganization and creation of the Division, services have been increased by approximately 75% since 1973. Estimating from data collection records, they were serving 9,410 people in all of the programs in 1973; in 1976, their estimate is 16,438.

Mr. Frost stressed that the Rehabilitation budget is a stable one and does not have increases in it. Looking at the amounts authorized by the last Session of the Legislature and comparing it to the Governor's recommendations, there is no appreciable increase--2% one year, and 1% the next. He said they have decreased the number of administrative positions providing support services to the various programs by two positions overall. During the last three years, they have brought in an additional \$1 million in federal funds under the Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind programs. That decreased the state's commitment to this program by approximately \$.5 million; those monies went back to the General Fund. In Alcohol and Drug Abuse, they have increased the budget since reorganization from \$66,000 to \$1,900,000, and 78% of that is federal money.

Mr. Frost said there are no vacancies in the Rehabilitation Division Administration. Chairman Mello asked why they had dropped one, and Mr. Frost explained that a clerical position was dropped which had been funded under federal funds. He said the Division had been served with a compliance issue by the federal government, and the Committee's staff had been provided with a copy of the citation they received. Under the law, the Rehabilitation Division must provide for a fulltime specialized staff for training and staff development. They don't have that position and requested it in the budget because of the audit exception which could jeopardize federal funding. They are deleting the Public Service Intern position for the Training Technician position.

Mr. Bremner asked Mr. Frost to explain "other contractual services." He said this is for equipment maintenance for IBM dictators, copiers, etc. Also, regarding "legal and court expense," a Deputy Attorney General was requested but not recommended by the Governor.

VOCATIONAL REHABILITATION BUDGET (Page 440)

The Bureau of Vocational Rehabilitation is charged with the responsibility for returning to productive employment the mentally and physically disabled. These are people who have a medically verifiable physical or mental disability that precludes them from gainful occupation. Last year, of the 835 persons who were successfully rehabilitated and returned to productive employment, they earned during their first year of employment \$4,255,000 more than they were earning when they became clients of the Division. Therefore, they will be repaying over a period of three years every dime that was spent on them for those services.

This Bureau has been noted as an outstanding model in the nation. Last year, the Governor received the Health, Welfare and Education Commissioner's Award citation for outstanding services to handicapped citizens. A notice was received about two weeks ago that they were able to produce 106% of the federal required production goals, while other states in the same region only did about 50% of those goals. The budget represents only an attempt to keep pace with inflation and is based on an anticipated 12% increase in medical costs. A significant portion of the budget goes toward physical restoration and medical fees for physically disabled people.

He said they are not asking for any truly new positions. The budget lists new positions, but these are people who have been employed by the Bureau for a number of years on a contract basis. They feel those people ought to come under the merit system rather than keeping them on contract. Actually, there is .3 of a position cut in this budget, Mr. Frost said.

Chairman Mello commented that one thing this Committee has never cared for is hiding people in contractual services, and then coming in later to ask that they become permanent employees. Mr. Frost explained that these people are teachers: a fulltime academic teacher; a fulltime teacher's aide, and .3 of 1% of a registered nurse. It is difficult to hire .2 of a person unless this is done under a contract. When setting up the learning laboratories for remedial education, they had to have teachers. They wanted to hire people on contract until that program proved itself.

Chairman Mello commented that he had heard people say there is not enough to do in the Rehabilitation Division office. Mr. Frost said this is one of the reasons he does independent exit interviews with each employee who leaves. He said many people leave because they are overworked, not underworked. Chairman Mello suggested maybe some people don't have enough to do because others are carrying too much of the load, and Mr. Frost reminded Chairman Mello of the 106% realization of production goals. He said possibly the people doing the complaining were those who were not productive and who were therefore pushed off the job.

Mr. Hickey asked Mr. Frost what the rate of turnover is for the Rehabilitation Division, and he said he thought 10% but would want to verify that.

On the subject of vacancies, Mr. Frost said a Senior Clerk Typist position had been vacant since August 11, 1976. They want to transfer this position to Las Vegas where there is a greater need for clerical help based on a recent study they did. The District Manager position has been vacant since October 1, 1976, and they are still looking for a suitable candidate. The Rehabilitation Coordinator I position has been vacant since January 20, 1977, and the Rehabilitation Coordinator II position has been vacant since January 7, 1977. These will be filled as soon as possible.

Two and one-half positions are being eliminated, so there is a net loss of .3 of a position. The Chauffer position is being eliminated from the Reno office because more efficient transportation arrangements have been made, and it has been determined that the Workshop Foreman (half time) position and the Senior Clerk Steno position at the Girls' Training Center are not as justifiable as the need for bringing in the previously discussed contract positions for teachers.

Contract Services is to pay the cost of medical consultants hired on independent contract. Under federal regulations, the Rehabilitation Division must have medical verification of disabilities before providing services to the client; this requires medical consultants. Mr. Frost said he would be glad to provide Committee members with a list of all independent contracts.

Chairman Mello asked what is happening to the people in the 2.5 positions being dropped. Mr. Frost said the chauffer is retiring, and they will have to ask for three months temporary authority from July 1 to September when he retires. The Budget Office has agreed with this request. The Workshop Foreman and the Senior Clerk Steno people will have to find jobs.

Chairman Mello asked him to explain the decrease in the actual communication expenses. Mr. Bible said this would show up in most of these budgets, because during the actual fiscal year there was a move, and associated with the move was the one-time cost of re-installing telephones.

Mr. Bremner asked Mr. Frost to explain the administrative assessment and where it showed up in the last biennium's budget, because he wasn't able to locate it. Mr. Frost said it was not called "administrative assessment" in the last biennium budget but was called "other government services."

Mr. Glover asked for an explanation of "raw materials." Mr. Frost said they had completely changed those programs and had remodeled the Reno facility since Mr. Glover's visit last year. The Legislature approved \$195,000 to totally remodel the Reno facility; also, the Legislature built a new rehabilitation center in Las Vegas. Within those two centers they created totally new programs for vocational evaluation services for their clients. These services are provided with 6.2 positions roughly in each end of the state; psychologists, vocational evaluators, workshop foremen. In the past this was done by using real work, by going out and competing with others for contracts, in order to determine the tolerance of work level of a disabled person, to determine aptitudes, and so forth. That program has been changed almost completely to vocational evaluation using work sampling and other devices such as the Singer work sampling units. As a result, there is less need for money for raw materials formerly needed in the real work contract business.

Mr. Glover asked if they still had contracts with the phone company, and Mr. Frost said there was still some revenue derived from that.

Chairman Mello asked Mr. Frost to explain the client payroll. He said they were required under the Fair Labor Standards Act to pay minimum wage to everyone in workshops, and that there was no way they could do this. Therefore, they have an exemption from the federal government since the labor situation is strictly an evaluation/training situation. However, they still have to pay those people approximately \$3.00 per day. In the case of a real work situation, they usually pro rate what would be minimum wages on a piecemeal basis.

Mr. Bremner asked if testing and learning lab supplies were under raw materials. They had these expenditures in 1975-65, but they don't show up in the recommended budget. Mr. Frost replied that this was under instructional supplies.

Chairman Mello asked Mr. Frost if there were any particular reason why he should not be unclassified. Mr. Frost said that if he were, it would have an impact with the 95% compression situation on a number of the Bureau's staff. He believes it would have a long-term damaging effect on their ability to secure and maintain qualified personnel. Chairman Mello said Mr. Frost may be called with other administrators later to testify on AB 81.

BUREAU OF VOCATIONAL REHABILITATION--SOCIAL SERVICES (Page 446)

The Bureau of Vocational Rehabilitation administers a social service program through a contract with the Welfare Division. This program provides vocational rehabilitation services to the recipients of welfare and potential recipients. The intent of the program is to get people off the Welfare rolls and back into productive employment.

There are four Rehabilitation Coordinator positions and four clerical positions in the budget. They are located in Opportunity Village for Retarded Citizens in Las Vegas, in the Las Vegas District Welfare Office, in the Nevada State Welfare Office in Reno, and in the Reno District Office for Vocational Rehabilitation.

Mr. Frost said to note in the actual column for 1975-76, \$137,000 compared to the work program for 1976-66 at \$276,000. The reason for that significant increase is because the program was new and had only been operating about six months. This budget is matched 75% federal, 25% state.

Mr. Trounaday pointed out that a number of these Social Service programs can be found in the Executive Budget on page 428 in the Welfare budget.

GOVERNOR'S COMMITTEE TO HIRE THE HANDICAPPED (Page 448)

Mr. Frost informed the Committee that funds were authorized last Session for the Governor's Committee, and the Governor then created the Committee by executive order. The purpose is to promote employment of the handicapped. He said that during the last year or two, there have been over 400 employers contacted by the staff, and 116 actual placements. The Committee also has the responsibility to work toward the removal of architectural barriers in public buildings, and much progress has been made. The Committee has become the advocate or the Ombudsman for the handicapped.

Chairman Mello asked if Mr. Frost were familiar with AB 144 and how it relates to this budget. He said the bill as introduced would have an impact on the budget and that he was drafting extensive amendments to the bill. He added that he is opposed philosophically to the concept of putting any enforcement activity into the Rehabilitation Division, which is a service agency.

Mrs. Brookman asked what is being done to help people who stutter, and Mr. Frost said very little is being done in the state, but that this problem was dealt with mainly by the public schools. He said the cost is very high for remedial training, and Rehabilitation has to identify a vocational objective before spending money. They placed some equipment in the UNR Speech Pathology Department and are trying to get some programs going. Kathy Olson of the Governor's Committee said they hadn't developed a program for this yet, but that it would be a good area for the Committee to pursue. Mr. Trounday pointed out that there is a speech therapist program within the Special Children's Clinic in the Health Division both in Reno and Las Vegas. Mr. Frost added that they have 43 people presently receiving services for speech impediments, but these are older people, and children with stuttering problems need to be helped early. He said another possible source of help is the new Education for the Handicapped Act.

Mr. Glover asked about state responsibility for making public buildings accessible to handicapped people. Mr. Frost said there are two laws on the books; one was passed in 1965 which requires that all buildings be barrier free. Additionally, legislation was more recently passed requiring that all new buildings constructed after July 1, 1977 meet certain standards. One-shot appropriations have also made funds available to remove barriers from state buildings. He stressed that the real problem is lack of enforcement of the laws. Mr. Glover added that there are two public buildings in Carson City--the Courthouse and the Nye Building--that are totally inaccessible to the handicapped.

Mr. Serpa commented that the \$20,000 per year for the Executive Director of the Committee seemed high, and Mr. Frost said this individual assumes responsibilities commensurate with this position and its salary.

BUREAU OF SERVICES TO THE BLIND (Page 450)

This bureau provides services to the blind, the legally blind, and the severely visually impaired citizens of Nevada. In addition to those federal/state vocational rehabilitation services, the Bureau administers some special programs for the blind. It operates a low-vision clinic in Las Vegas, which screens citizens for low-vision acuity and for special devices they need. They installed that program in the Health Divisions' building so that the Crippled Children's Services could also use the equipment. Hopefully by the end of this biennium, this program will operate on a self-sustaining fee-for-service basis.

Mr. Frost said the Bureau also provides visual acuity, glaucoma, and hearing acuity screening and has provided that service to over a thousand rural Nevadans through a mobile screening project. That project will be disbanded at the end of this fiscal year, and the federal funds for it will be combined with the low vision aide clinic in order to maintain it. The mobile screening will have made its impact and can be repeated again later. They also provided talking book machine services to 476 people in 1976, and anticipate serving 530 next year.

Recreation evaluations and mobility training services have been provided to 45 blind and disabled people; these services will serve 105 people next year. They are also asking for a fulltime recreation position in the budget to continue this project, and approval of funds to support the project.

Mr. Hickey asked how they determine when a person has been rehabilitated and Mr. Frost explained that it takes an average of 2½ years to rehabilitate an individual, and sometimes longer. He said the number of people coming into the program is about five times larger than the number coming out because people reject the services; often they are afraid they will lose their social security or other benefits.

Mrs. Brookman asked about the mobility officer, and Mr. Frost answered that they have four mobility instructors, or peripatologists. When asked about the low vision clinic in Las Vegas, Mr. Frost said the clinic just serves southern Nevada because there isn't enough money to serve northern Nevada. Mr. Mervin Flander further responded that they do, in fact, take some people to Las Vegas for the low vision aide services. It is less expensive to send northern Nevadans to Las Vegas than to send them to San Francisco's Pacific Medical Center, because they can fly to Las Vegas without someone to accompany them. He did say they would like to be able at some point in time to provide these services in the Reno area.

Chairman Mello asked Mr. Frost how long it takes the Rehabilitation Division office to work up their budget requests, and he replied about a year. When asked how long it takes his office to review the requests, Mr. Bible replied six months. Chairman Mello pointed out that the Ways and Means Committee has only 60 days to review these budgets, therefore they should be simplified as much as possible.

BLIND BUSINESS ENTERPRISE (Page 453)

Mr. Frost pointed out that this is not a budget request but is a report to the Legislature on the status of the funds that remain and how they have used the one-shot appropriations for Business Enterprise programs for the blind. The primary purpose of this program is to provide blind persons with worthwhile employment opportunities. The seventeen existing vending facilities represent nine federal and eight non-federal locations. During fiscal year 1976, the Business Enterprise Program realized a gross income of \$892,000 and a net profit of \$168,000, or 19% of the gross. The program is currently expanding at the rate of 17% annually. By 1980, the program will have realized an annual gross sales of nearly \$1,250,000. During 1976, blind operators realized an average annual net income of \$12,502, and the program through its set-aside plan realized a net income of \$15,920, or about 127% of the income of the average blind operator. That money goes back into the budget to be used to remodel and build new stands. This program realizes 17% annual return on capital investments.

Chairman Mello asked about storage of vending machines not in use. Mr. Flander said they do have some storage space in Carson City to cover northern Nevada, and some in Las Vegas. The only machines stored are those pending placement, or machines needing repair.

Chairman Mello also asked about storage of supplies or merchandise for sale. Mr. Flander said it is delivered directly to the individual vendors. The state does not purchase the merchandise to supply the operators; rather, each operator is an independent merchant who realizes the net profit as income.

SOCIAL SERVICES FOR THE BLIND (Page 455)

This program is operated under contract with the state Welfare Division using Title 20 funds on a 75%/25% matching basis. The program is designed to provide social services to welfare recipients and potential recipients which the Welfare Division is not equipped to provide. The positions in the budget are social worker positions and clerical support positions for Reno, Carson City, and Las Vegas.

HOMEBOUND INDUSTRIES (Page 457)

Mr. Frost said this project is based on a three-year grant from the federal government, and all of the monies being recommended in the budget are federal monies. This is a new program that was implemented during the current fiscal year and is an attempt to demonstrate how home-based employment opportunities for the older blind person can be developed for the older blind person who is normally confined to the home and non-productive. He said they have their first contract

in operation now with Hexal Sports Company. It is a sixteen-week contract and revenues will employ two or three older blind people who will earn about \$3,000 during that period of time. A net set-aside of approximately \$500 will help toward the goal of making this a self-sustaining private enterprise. The matching for this is not in the line item, but will be what's referred to as in-kind matching.

Chairman Mello asked Mr. Frost how long it would be before his division would be asking for funding for this, and Mr. Frost said they would not come back and ask for funding for this program. He said if they could not make it self-supporting, they would drop it.

Mr. Bremner asked if the federal government required that the Legislature accept this program, and Mr. Frost replied that this was not the case.

BUREAU ON ALCOHOL AND DRUG ABUSE (Page 459)

This bureau is different than others in that it is not a direct service delivery program. It is responsible under the law for coordinating the planning and development of alcohol and drug programs in the communities. All federal funds must be monitored by this Bureau, which is now overseeing 35 federal/state programs throughout the state. The Bureau must certify all program, personnel, and facilities, and is required by law to make at least four visits to these programs per year. The staff has not been increased since reorganization, and they are asking for a continuation of two temporary positions with the commitment that federal funds will be available to help support them.

Mr. Glover asked about extra positions. The work program, he said shows sixteen existing positions. Last year they had twelve and added one more. The Management Analyst II was not recommended by the Governor and was not approved. Mr. Frost said the Management Analyst II was one they requested in order to continue the data collection service that the federal government asked them to do. By combining some federal funds from different projects and using these two temporary positions, they can accomplish this without that position. They have fourteen positions within the Bureau including those temporary positions. The total of 14 under Total of Existing positions includes the temporaries.

Mr. Cohen said they received federal funds to create a data collection system on their alcohol programs. They are not asking legislators to pick up those federal fund supports; they are allowing that grant to run out and are continuing existing alcohol and drug programs contingent upon federal funds.

Mr. Frost pointed out that Total Funds Available (page 459) shows \$1,971,000 for the 1976-77 Work Program, and \$1,075,000 for the Governor's recommendation in the first year of the biennium. That does not account for \$700,000 that will come through the statewide services contract, and going back over to 1976-77, it is listed as \$527,872. Make that figure \$700,000, add it to \$1,075,000 in the Governor's Recommend column, and then add \$200,000 for the Treatment Alternatives Street Crime Project (TASC) LEAA Grant. The Bureau did not have that information before, but have received notification that the grant will be renewed.

Mr. Serpa brought up the question of legislation proposing to add a 5¢ tax on every half gallon of liquor. He asked if that money would be administered by this department, and would they need additional help. Mr. Frost said that yes, they had program analysts who work with every program in the state, and if it got to be a large amount of money, they would have to increase the work force accordingly.

Mr. Hickey asked if there were a relationship between the management costs and what they give out in grants to the rehabilitation centers; is there a percentage they work on? Mr. Frost answered by saying that the division charges back 7.5% of the total amount of funds available in their budgets in order to maximize the use of federal dollars. Mr. Howard asked about the \$900,000 from both years for the whole biennium, and Mr. Frost said they would have it unless the federal government backed out.

BUREAU OF DISABILITY ADJUDICATION (Page 462)

Mr. Frost said this budget is 100% federal. The program is operated through a contract arrangement with the federal government and is federally operated. The program is designed to review and take action to approve or disapprove claims of social security claimants for disability insurance. As a result of the Bureau's actions, \$26 million of benefits are awarded annually to disabled Nevadans, their spouses or dependent children. He said it is noteworthy that only 43% of the claims that are processed (over 7,000 per year) are awarded disability benefits. Recently, they requested an audit by Title 19 to make sure they were being conservative.

The meeting adjourned at 10:45 a.m.

BLIND BUSINESS ENTERPRISE
STATUS REPORT
ON \$100,000.00 ONE-SHOT APPROPRIATION

<u>Facility No.</u>		<u>Expended Thru Jan. 31</u>	<u>Earmarked Obligations</u>	<u>Total</u>
16	Kinkead Bldg. - Carson	\$ 20,923.06	\$ -	\$ 20,923.06
17	Highway Bldg. - Carson	9,922.01	-	9,922.01
18	Capitol Plaza - Carson	13,731.58	962.01	14,693.59
19	Bradley Bldg. - Las Vegas	3,395.41	16,604.59	20,000.00
20	Lehman Caves - White Pine		14,461.34	14,461.34
21	Washoe County Complex		20,000.00	20,000.00
		<u>\$ 47,972.06</u>	<u>\$ 52,027.94</u>	<u>\$ 100,000.00</u>

2/8/77