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**BILL: AB 468 Supplemental Appropriation for EBT and Cost
Allocation**

NEVADA STATE WELFARE DIVISION

CONTACT: NANCY K. FORD, ADMINSTRATOR

PHONE: 684-0504

Good morning Chairman Arberry and members of the Ways and Means Committee. I am Nancy Ford, Administrator of the State Welfare Division. I am here to support AB 468. This supplemental appropriation is requested to rectify general fund shortfalls in two Welfare Division budget accounts. The first shortfall of \$122,437 is in the Welfare Administration budget account. It is associated with the transition from Food Stamp coupons to Electronic Benefits Transfer, also known as EBT, and the dramatic difference between the Legislatively Approved projections and the actual caseload. In the last year 18 months, the Food Stamp caseload has grown by 31,800 recipients, an increase of over 42%. The total shortfall is projected to be \$180,000 but \$57,563 of it will be met with the restoration of general fund that was reverted earlier in the fiscal year to meet the 3% budget cut.

The second shortfall of \$2,761,305 is in the Field Services budget account resulting from changes in the Welfare Division's caseload mix, which impacted the results of the division's cost allocation plan. The total shortfall is projected to be \$3,061,345 but \$480,291 will be met with the restoration of general fund that was reverted earlier in the fiscal year to meet the 3% budget cuts. In accordance with federal rules and regulations, the Welfare Division uses a cost allocation plan to apportion expenses among the various programs for which the division determines eligibility and manages ongoing

cases. After direct costs are identified, expenses are allocated based on the results of Random Moment Surveys (RMS) which identify the types of cases randomly selected employees are working on at randomly selected points in time. The surveys are used to calculate the percentage of indirect costs attributable to each program. The results of the RMS for each quarter are a reflection of the caseload for each of the programs administered by the Welfare Division in that particular quarter. As social economic circumstances change, the caseload mix changes and, consequently, the results of the cost allocation plan change. This fiscal year, there has been a significant increase in the share of costs allocated to the Food Stamp program and a decrease in the share of costs allocated to TANF. Because TANF does not require a general fund match but Food Stamps does, a general fund shortfall occurred.

The Welfare Division has been working with the Budget Office since last spring regarding these shortfalls. The need for supplemental appropriations was recognized early on and is part of the Executive Budget.

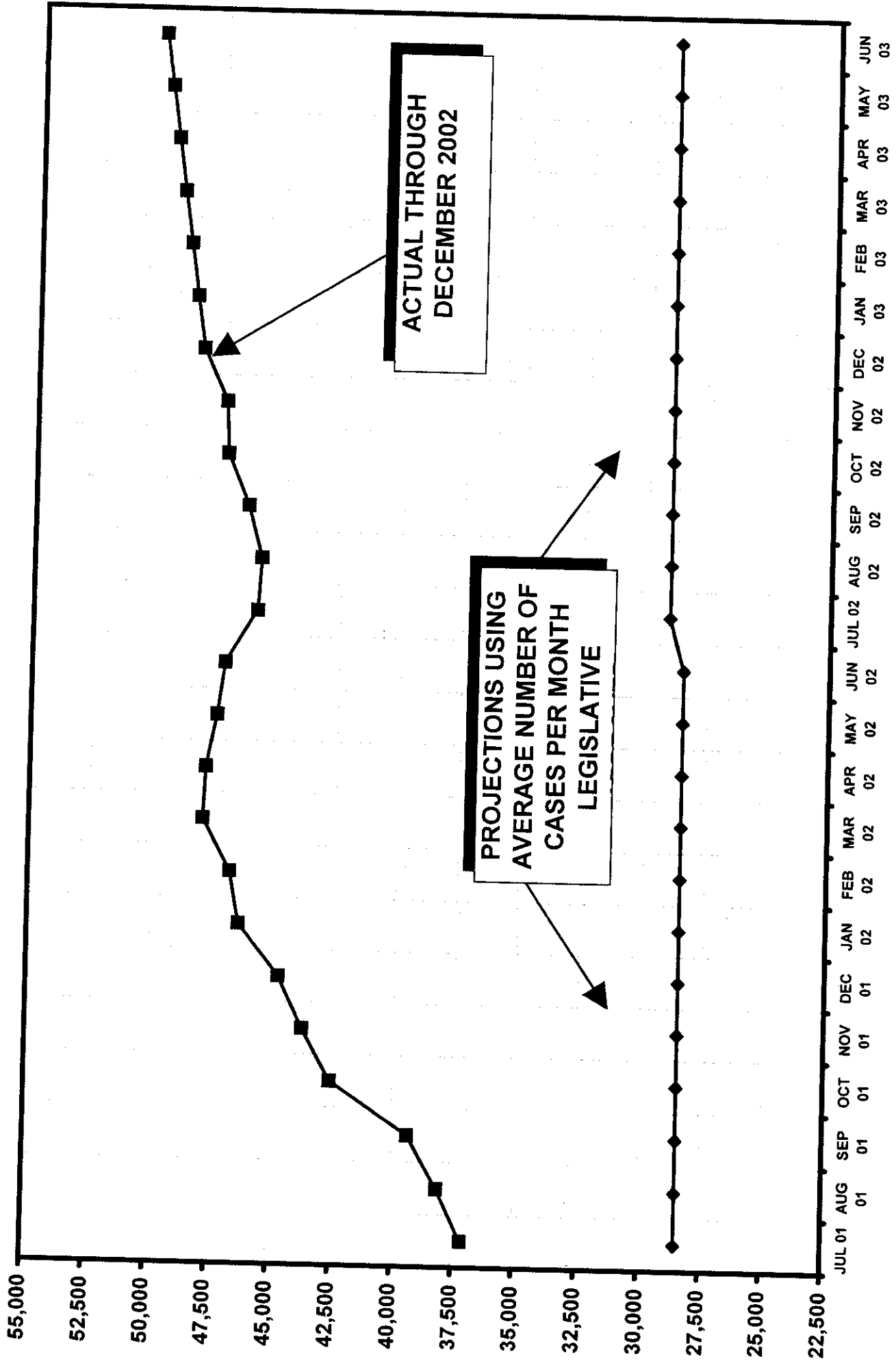
The EBT process distributes federally mandated Food Stamp benefits to needy Nevadans. Approval of this bill would allow these benefits to continue to be provided. If the bill does not pass, the Welfare Division would be unable to meet its federally mandated obligation to distribute Food Stamp benefits through the EBT process.

The Field Services budget account funds the payroll and operational cost for the various district and field offices of the Welfare Division. This bill would allow the continued funding of these offices to include being able to draw

\$9,539,872 in federal revenue. If AB 468 does not pass, The Welfare Division would have to close all Field offices and layoff over 800 employees in the Field Services budget account.

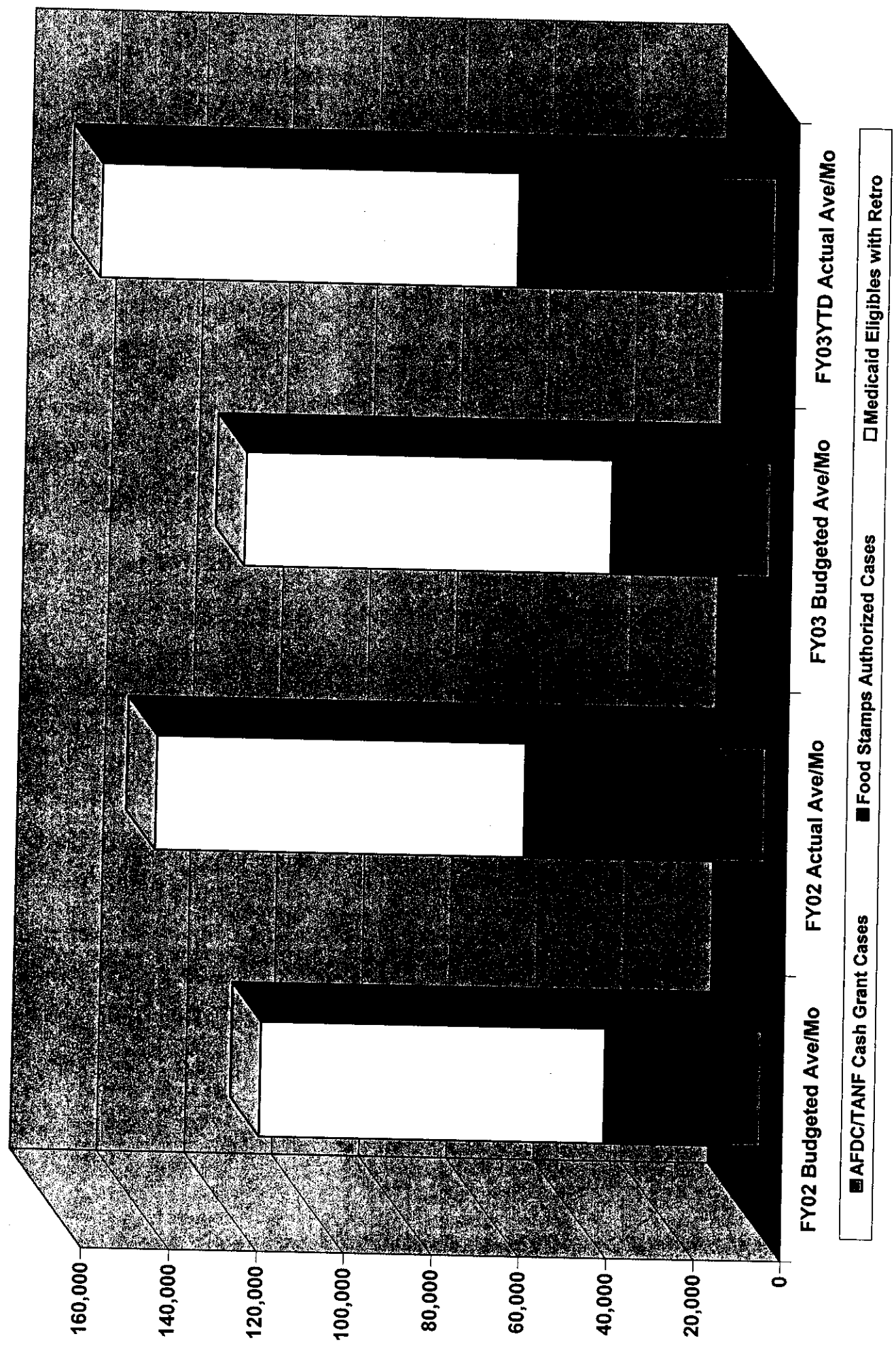
I would be happy to answer any questions.

FOOD STAMPS AUTHORIZED CASES FY02-FY03



N 4 of 5

WELFARE CASELOAD CASES: BUDGETED COMPARED TO ACTUAL FY02 THROUGH FY03 YTD



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