

**MINUTES OF THE SUBCOMMITTEE OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR**

**Seventy-third Session
April 13, 2005**

The subcommittee of the Senate Committee on Commerce and Labor was called to order by Chair Warren B. Hardy II, at 8:53 a.m. on Wednesday, April 13, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Warren B. Hardy II, Chair
Senator Randolph J. Townsend,
Senator Sandra J. Tiffany

STAFF MEMBERS PRESENT:

Lynn Hendricks, Committee Secretary
Kevin Powers, Committee Counsel
Scott Young, Committee Policy Analyst
Jane Tetherton, Committee Secretary

OTHERS PRESENT:

Richard Burdette, Director, Nevada State Office of Energy, Office of the Governor
Lisa Foster, Deputy Chief of Staff, Office of the Governor

CHAIR HARDY:

The meeting is now open for discussions on Senate Bill (S.B.) 123. The subcommittee has had a chance to review the bill and discuss some proposals. Mr. Burdette, on your handout, Options for Improving the Delivery of Services to Universal Energy Charge (UEC) Clients ([Exhibit C](#)), where does it address the outreach issue?

SENATE BILL 123: Revises provisions governing energy assistance. (BDR 58-238)

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RICHARD BURDETTE (Director, Nevada State Office of Energy, Office of the Governor):
Under the fourth bullet entitled, "Welfare Regulations; Direct Nevada Welfare Division"

CHAIR HARDY:
Could you give an explanation of the outreach process?

MR. BURDETTE:
Generally, the outreach process should be performed through agencies. I have been advised by Nancy Ford of the Welfare Division and Michael Willden from the Department of Human Resources that there are instances in which public advertising has been useful in outreach efforts. Sometimes, that is the only way to reach certain segments of the public. We have included an outreach option because we believe it is appropriate.

CHAIR HARDY:
I have a question about the Welfare Division purchasing energy-efficient appliances to reduce client's energy costs, which is under the second bullet of your handout.

SENATOR TIFFANY:
What we are looking at here is a policy sheet. We do not have a statute for the recommendation of an amendment. What the Committee needs is a bill that we can work from that has specific recommendations.

SENATOR TOWNSEND:
I believe the handout is a good-faith effort, but I do have some concerns. The Welfare Division should handle all aspects of weatherization on mobile homes. Stick-built homes should be the focus of weatherization for the neediest clients, such as seniors. The advertising should be directed to the neediest. With regard to the percentage in administrative costs, those can be worked out.

CHAIR HARDY:
Do I understand you correctly, Senator Townsend, that weatherization should be targeted towards stick-built homes and the Welfare Division should handle weatherization issues for mobile homes exclusively?

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SENATOR TOWNSEND:
Yes, exclusively.

CHAIR HARDY:
I would concur with that idea. We also need to address that whatever we do towards weatherization, we do it from an efficiency approach rather than a quick-fix approach. Also, if we handle the basic issues, the concerns for changing the administrative costs may no longer be an issue. However, I am willing to listen to specific reasons why administrative costs should be increased. We need to keep in mind that we may be doing a disservice to the program, to the clients that are being served by the program and the public that is paying for the program, if we are spending too much money on administrative costs.

SENATOR TIFFANY:
Since we are now dealing with recommendations, are we going to process this bill today, or do the presenters need to come back with recommendations in a bill form?

CHAIR HARDY:
Mr. Young, is there a specific legal procedure we need to follow on hearing the recommendations?

SCOTT YOUNG (Committee Policy Analyst):
Based on the discussions so far, I am not clear on what all the proposals are. It would be helpful if the Legal Division had something to work with to create a mock-up or outline of specific proposals.

CHAIR HARDY:
Mr. Burdette, how long would it take you to provide the necessary information for a possible mock-up or draft?

MR. BURDETTE:
We can put something together before the deadline of April 15, 2005.

CHAIR HARDY:
But the Committee will still need to put proposals in some type of format before the deadline.

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LISA FOSTER (Deputy Chief of Staff, Office of the Governor):
We will put something together today that you can review. Then you can act on it tomorrow. We may need to work with Scott Young on the details.

CHAIR HARDY:
I can also work with all involved once we get that information.

SENATOR TIFFANY:
My recommendations are as follows. We need a limit on what every welfare client can receive, and there needs to be a limit on the weatherization a client is to receive. The percentage of money for weatherization that the Welfare and Housing Divisions are requesting is 75 percent for the Welfare Division and 25 percent for the Housing Division. I recommend changing the percentage for both divisions to 50 percent each. The total administrative costs should be no more than 10 percent. I agree that mobile home parks should be handled on a monthly basis through the Welfare Division, which gives the client cash assistance for their utility bills instead of through a specific weatherization program. There should be a reduction in the UEC, because the difference will be made up through growth in population.

CHAIR HARDY:
Let me make sure I understand your recommendations. You suggested a reduction in the UEC charge, which I would support; a 50/50-percent split between the Welfare and Housing Divisions; an administration cap of 10 percent, I would be willing to consider a different number; and limits for both the Welfare Division and weatherization programs. Is that correct?

SENATOR TOWNSEND:
There is a program in Nevada, the Arizona Public Service, that provides services to some of their clients related to weatherization, conservation and renewable energy. In essence, they are a utility which will guarantee their clients a 10- or 15-percent savings if their company is unable to meet their energy standards. They are that certain they can deliver. I will support all of the recommendations. I would also recommend that the Office of the Governor be contacted with an idea to have graduate students or students studying economics track the weatherization and/or conservation programs. This would be a way to get the public more involved.

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CHAIR HARDY:

Senator Townsend, I would recommend if we are not going to put tracking and reporting in the bill, that as part of a subcommittee report we request that it be a formal request of the Committee.

MS. FOSTER:

Senator Townsend, are you suggesting that the tracking and reporting by the students for these programs be done outside the State of Nevada as well?

SENATOR TOWNSEND:

Absolutely, not only tracking in Nevada, but measuring the results against other states. We need to find out what works and what does not work.

CHAIR HARDY:

Let me go over the recommendations once again: no weatherization for mobile homes as that would be handled by the Welfare Division's cash assistance program; no welfare cash assistance for stick-built homes as that would fall under the weatherization assistance program; application of the most cost-efficient provisions first instead of the most cost-effective; administrative costs be limited to a total of 10 percent; the split in funds for weatherization between the Welfare and Housing Divisions be 50/50; limits on each occurrence in the Welfare and Housing Divisions relating to weatherization, wherein a landowner would not be qualified to receive six times the amount of assistance because they have six dwellings; and finally, no appliances and no outreach advertising on billboards or through radio or any other type of media.

MS. FOSTER:

Senator Tiffany, when you mentioned no outreach programs, did you mean no paid outreach programs, or did you mean free public service announcements?

SENATOR TIFFANY:

Certainly, unpaid media is acceptable, but excessive costs for advertising is not acceptable. What do you consider to be an outreach program?

MS. FOSTER:

There are two ways an outreach program can be conducted. The first is earned media, which is similar to a public service announcement. That is normally free of charge. Second, there is paid advertising, which is what we have started to implement.

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SENATOR TIFFANY:

Is the idea to hire personnel to conduct an outreach program?

Ms. FOSTER:

I believe that idea is being considered.

SENATOR TIFFANY:

I have a concern with paid personnel doing the outreach programs. In my past experience working in the welfare field, there was already available personnel who dealt with clients in need and who directed those clients through channels in seeking assistance.

CHAIR HARDY:

Someone has to be paid to do the outreach programs. I believe the intent Senator Tiffany is trying to get across is that a specific firm is not hired exclusively to handle the programs.

Ms. FOSTER:

Mr. Burdette and I question and need clarification on the limit of administrative costs the Committee has proposed. The reason the Welfare Division sought additional funding for administration costs was to reduce the wait time for clients in need of assistance. How exactly will the 10 percent in administrative costs work?

CHAIR HARDY:

The Committee will leave funding distribution methodology up to the Governor's Office.

Ms. FOSTER:

We will work on that.

CHAIR HARDY:

Mr. Young, do you need any further clarification since this will be a subcommittee recommendation?

SCOTT YOUNG:

The Research Division will prepare a report, but I am not sure we have enough specifics to do a mock-up. I will discuss that with Kevin Powers.

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SENATOR TOWNSEND:

Since we are doing this for the purposes of sending it to the Senate Committee on Finance, I would suggest that Mr. Powers do a mock-up on a possible bill.

KEVIN POWERS (Committee Counsel):

The Committee on Finance will not get a mock-up; they will get an actual bill. If this Committee votes to amend and do pass, then we will send the amendment to the floor and it will go to the Senate Committee on Finance.

SENATOR TOWNSEND:

That will work.

MS. FOSTER:

Do I understand correctly that we will be writing a list of the recommendations brought forth today?

CHAIR HARDY:

You can get together with Mr. Young on the details. Are there any other questions? Do I have a motion?

SENATOR TIFFANY:

There is one more point I would like to make. The program is approximately \$11 million a year, and the Public Utilities Commission of Nevada (PUCN) is funded at 2 percent; that is equal to \$220,000. You can hire a lot of people for \$220,000 to do a pass-through, because it is in essence a pass-through for the PUCN. How many people does it take to administer the program?

SENATOR TIFFANY MOVED TO RECOMMEND TO SENATE COMMITTEE ON COMMERCE AND LABOR TO AMEND AND DO PASS AS AMENDED S.B. 123.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. FOSTER:

For the record, "The recommendations made today were not the Office of the Governor's recommendations. The Governor's Office will work with the Committee to hopefully come up with a program that everyone can work with."

CHAIR HARDY:

The meeting of the subcommittee of the Senate Committee on Commerce and Labor is now adjourned at 9:23 a.m.

RESPECTFULLY SUBMITTED:

Jane Tetherton,
Committee Secretary

APPROVED BY:

Senator Warren B. Hardy II, Chair

DATE: _____