HUMAN SERVICES

Human Services consists of the Department of Human Resources (which includes Health Care Financing and Policy, Aging Services, Health, Welfare, Mental Health and Developmental Services, and Child and Family Services), and the Department of Employment, Training, and Rehabilitation.

The Governor has recommended General Fund appropriations for Human Services totaling $523.3 million for FY 2001-02, a 29.1 percent increase over FY 2000-01, and $568.1 million for FY 2002-03, an 8.6 percent increase. Budget requests from all funding sources total $1.48 billion in FY 2001-02, an 8.6 percent increase, and $1.55 billion in FY 2002-03, a 4.4 percent increase after inter-agency transfers are deducted.

DEPARTMENT OF HUMAN RESOURCES

DIRECTOR'S OFFICE

The Director's office is responsible for coordinating all departmental programs, the oversight of the department's budgets and providing technical assistance to the various divisions. Currently, seven budget accounts are directly administered by the office, including: DHR Administration; Title XX-Purchase of Social Services Block Grant; Community Services Block Grant; Family-to-Family Connection Program; Family Resource Centers; State and Community Collaborations (Chapter I-Special Education); and the Healthy Nevada Fund Administration budget, which was approved by the Interim Finance Committee on April 13, 2000.

For the 2001-03 biennium, The Executive Budget recommends that the director's budget be funded solely with a General Fund appropriation. In FY 2001-02, the recommended General Fund amount of $1,289,245 is approximately 64.4 percent greater than the $784,414 legislatively approved budget for FY 2000-01. In FY 2002-03, the recommended General Fund amount of $1,520,734 is an approximate 18 percent increase over the amount recommended in FY 2001-02. The Governor also recommends the deletion of all revenue and expenditures associated with the MAXIMUS contract which assisted the department in identifying and maximizing federal revenue.

A total of eight new positions are recommended in the budget, including: three Management Analyst positions to track and monitor caseloads, perform internal audits, and track division budgets; an Agency Loss Control Coordinator to coordinate safety training and claims management; a Personnel Analyst III to coordinate recruitment efforts and assist with retention efforts; a Management Analyst III to function as an Assistant to the Director and Public Information Officer; and an Employee Development Manager and Training Officer II to provide continuing educational opportunities for department staff. The budget also recommends a $1,800,000 one-time appropriation for the development of a long-term strategic plan for the current and future healthcare needs of Nevada citizens.

HEALTHY NEVADA FUND ADMINISTRATION

This is a relatively new program, approved by the Interim Finance Committee on April 13, 2000, to administer various programs enumerated in A.B. 474 as passed by the 1999 Legislature. Those programs include: the Senior Prescription Program; grants to improve the health of children and disabled persons; and grants to reduce tobacco use. The funding source is a transfer from the Treasurer's Office of tobacco settlement funds received by the state of Nevada. The Healthy Nevada Fund receives 50 percent of tobacco settlement funds received by the state. All allocations of funds must be approved by the Task Force for the Fund for a Healthy Nevada.

The Executive Budget recommends a total of $11,378,825 for FY 2001-02 and $11,385,029 for FY 2002-03, which represents an approximate 2.8 percent increase over the FY 2001 work program amount of $11,072,161. The budget also recommends the transfer of program costs and grant funds for the reduction of tobacco use and for health improvements for children and the disabled to the newly recommended Grants Management Unit budget (101-3195). An existing Management Analyst II and Auditor II are also recommended to transfer into the new budget account. A one-time appropriation of $1,000,000 for marketing efforts and subsidy enhancements for the Senior Prescription Program is also recommended in the budget.

TITLE XX-PURCHASE OF SOCIAL SERVICES

This program, established in 1974 under Title XX of the Social Security Act, provides states with funds for a wide variety of social service programs. The budget recommends total expenditure authority of approximately $11.8 million in each year of the 2001-03 biennium, the same amount available in FY 2001. Anticipated reductions in the federal allocation of Social Services Block Grant funds to Nevada reflected in the budget are from approximately $11 million in FY 1999-2000 to approximately $9.9 million in each year of the 2001-03 biennium. The funds are sub-granted to state and non-state agencies for social programs. The budget also recommends a transfer-in of approximately $1.9 million in each year of the 2001-03 biennium in Temporary Assistance to Needy Families (TANF) Block Grant funding to replace Title XX reductions. Similar transfers have occurred in the current biennium. TANF regulations allow up to 10 percent of the TANF Block Grant to be transferred to Title XX. Lastly, the Governor recommends the elimination of this budget account and the transfer of program costs and grant expenditures to the newly recommended Grants Management Unit budget (101-3195).

FAMILY-TO-FAMILY CONNECTION PROGRAM

This program was initially recommended in the 1997-99 Executive Budget and was approved by the 1997 Legislature to provide assistance to families with newborns with positive parenting, optimal child development, healthy family structures and community support. The budget recommends the elimination of this budget account and the transfer of program costs and grant expenditures to the newly recommended Grants Management Unit budget (101-3195). In the new account, block grant expenditures are reduced from approximately $2.2 million per year to $627,489 per year. The majority of recommended expenditures are included as block grants to the 13 Infant Support Districts (ISDs) and the New Baby Centers included in the ISDs.

FAMILY RESOURCE CENTERS

The Family Resource Centers program was established during the 1995-97 biennium through the passage of Senate Bill 405 by the 1995 Legislature. The program's intent is to develop neighborhood centers which provide a wide array of services or referrals to services for at-risk families that will promote individual and family well-being.

For the 2001-03 biennium, the adjusted base budget continues total expenditures at approximately $1.4 million per year, the same level as actual FY 1999-2000 expenditures. The majority of recommended expenditures are included as grants to the 40 Family Resource Centers located statewide. The grants are recommended at approximately $1.3 million in each year, the same amount authorized in FY 2000-01. The budget also recommends the elimination of this budget account and the transfer of program costs and grant expenditures to the newly recommended Grants Management Unit budget (101-3195). The budget also includes a $500,000 one-time appropriation to fund a Family Resource Coordination Program to "ensure that the best and most efficient services are available for Nevada families."

GRANTS MANAGEMENT UNIT

This is a new budget account which is being proposed due to a recommendation from the Governor's Steering Committee to Conduct a Fundamental Review of State Government. The purpose of the new budget is to develop a structured, coordinated and consistent system for awarding, managing, evaluating and tracking pass-through funding to other entities. The new account, which totals slightly over $31 million (approximately $2.5 million in General Fund and $28.5 million in federal and other funds) in each year of the 2001-03 biennium, consolidates funding from the following existing programs: Title XX Purchase of Social Services, Family-to-Family Connection, Family Resource Centers, Community Services Block Grant, Children's Trust Account, Domestic Violence Grants, and Healthy Nevada Grants.

A total of 16 new FTE positions are recommended in The Executive Budget. The Governor also recommends that 10 existing FTE positions from various budget accounts be deleted due to the change in focus from an advocacy/program-specific focus to a grants administration focus. Additionally, 4 existing FTE Child Development Specialist positions within the Family-to-Family Connection budget are recommended to transfer to the Welfare Division's Child Care Assistance and Development Program budget.

STATE AND COMMUNITY COLLABORATIONS

Programs within this budget include: Part C of the Individuals with Disabilities Education Act (IDEA), which provides early intervention services to all eligible infants and toddlers with disabilities and their families, and the Even Start Statewide Family Literacy initiative for the purpose of planning and implementing statewide family literacy initiatives. The budget is funded entirely by federal funds and totals $2,678,419 in FY 2001-02 and $2,489,544 in FY 2002-03. The budget recommends the transfer-out of 9.06 existing FTE positions to the Division of Child and Family Services and to the Health Division. A total of 15.54 FTE positions are recommended to continue in this budget in FY 2001-02, with 14.03 FTE positions continuing in FY 2002-03.

OFFICE OF DISABILITY RESOURCES, DEVELOPMENT AND PLANNING

The Executive Budget recommends the creation of a new Office of Disability Resources, Development and Planning in the Department of Human Resources. The Governor recommends that the Community Based Services and Developmental Disabilities budget accounts, which are currently part of the Rehabilitation Division in the Department of Employment, Training and Rehabilitation, be transferred into the Director's Office of the Department of Human Resources.

COMMUNITY BASED SERVICES

The Community Based Services budget account currently employs six FTE positions and administers six community based programs: Personal Assistance Services (PAS), Traumatic Brain Injury (TBI), Assistive Technology, Telecommunication Devices for the Deaf, Independent Living, and Deaf Resources Center. Services provided include: program oversight, administration, grant management, program monitoring, fund distribution, state and federal reporting, and program planning.

The Executive Budget recommendations for Community Based Services include funding for two new positions, an Accounting Specialist and an Administrative Assistant. Additionally, an existing Rehabilitation Chief position is recommended to transfer into this budget from the Rehabilitation Administration budget account. The budget also provides for a three percent increase in each year of the biennium for personal care attendants. The Governor's budget provides the agency with a total operating budget of approximately $10 million for the biennium.

DEVELOPMENTAL DISABILITIES

This program was created by Congress to promote the independence, productivity, and inclusion of people with developmental disabilities. The program provides conditional demonstration grants to the community, conducts analyses of various services and provider systems, and works to identify and fill gaps in service delivery. State General Fund support of this program, $119,587 in FY 2001-02 and $119,262 in FY 2002-03, is used to operate the Home of Your Own program, which provides assistance to low-income disabled first-time homebuyers. Federal funds are also primarily designated for developing assisted housing opportunities, and a total of $408,984 is recommended in both years of the 2001-03 biennium. The budget continues three existing FTE positions; no new positions are recommended.

DIVISION OF HEALTH CARE FINANCING AND POLICY

The mission statement for the Division of Health Care Financing and Policy (HCFAP) was adopted upon completion of the Business Process Re-engineering (BPR) study completed just before the 1999 Legislative Session. The division's mission is as follows: To purchase and ensure the provision of quality health care services, including Medicaid, to low-income Nevadans in the most efficient manner; to promote access to health care at an affordable cost to the taxpayers of Nevada; to restrain the growth of health care costs; and to review Medicaid and other state health care programs to determine potential federal revenue maximization.

The division is responsible for administering the Medicaid program, the Nevada Check-Up program, the Disproportionate Share (DSH) and Intergovernmental Transfer (IGT) programs, federal maximization efforts, and the state's cost containment and data collection activities.

Overall total funding for the division is recommended at approximately $1.8 billion for the 2001-03 biennium, an increase of approximately $334.8 million when compared to the total funding available for the 1999-2001 biennium. The Executive Budget recommends General Fund support for the division's programs for the 2001-03 biennium be increased by approximately $213.9 million when compared with the General Fund support approved by the 1999 Legislature. The primary reasons for the significant increases recommended in General Fund support are as follows: a reduction in the availability of intergovernmental transfer revenue in the amount of $58.7 million for the 2001-03 biennium; caseload increases for the Medicaid and Check-Up programs in the amount of $95.2 million; discretionary rate increases for several Medicaid providers in the amount of $38.3 million; the Governor's recommendation to fund several new initiatives, which include eliminating the assets test for pregnant women and children and implementing the Breast and Cervical Cancer Treatment program, an optional program recently authorized by Congress in the amount of $5.7 million; and the expansion of several existing Medicaid waivers in the amount of $4.9 million.

The Executive Budget proposes to implement the recommendations outlined in the business process re-engineering (BPR) study that will move the division to an organizational environment called a Benefit Administration model, which the division now refers to as the Value Purchaser model. According to the BPR study, under a Value Purchaser model the division will be viewed as a business enterprise responsible for the administration of several benefit plans. Organizational units within the division will be realigned to focus on high-level business functions supporting the benefit plans. Each benefit plan uses the resources of the organizational units responsible for the major business processes. The BPR study suggested five business areas: eligibility management, utilization management, payment and encounter administration, information management and analysis, and accounts receivable and administration. The intent is for the Value Purchaser model to provide a structure for full integration of policy, benefit plans, procedures and performance-based measures.

To support the division's transition toward the Value Purchaser model, The Executive Budget recommends funding to implement a Medicaid Management Information System (MMIS) with a one-time appropriation in the amount of $2,090,840. The 1999 Legislature approved funding to initiate the functional requirements study for the MMIS system and the Pharmacy Point of Sale (POS) system for the current biennium. The division has contracted with a private company to conduct the functional requirements study, which is federally mandated in order to qualify for federally enhanced funding for the MMIS system's development (90/10 funding) and ongoing operational costs (75/25 funding). The projected cost to fully implement the MMIS system is $25.6 million ($2.56 million state) and the ongoing operational costs are estimated at $11.2 million per year ($2.8 million state), as reported to the 1999 Legislature.

For the division, The Executive Budget recommends a total of 26 new positions and the elimination of 13 existing positions, for a net increase of 13 new positions over the 2001-03 biennium. Most of the new positions recommended will support the division's infrastructure in the areas of financial and management analysis and technology, which are key components of the Value Purchaser model. The existing positions recommended for elimination are primarily nursing staff.

For the division's administrative budget, The Executive Budget recommends a total of nine new positions and their support costs. Three new administrative services officer positions are recommended for facilities management, contract monitoring, review and coordination, accounting management and internal controls, and rate development. This recommendation represents a significant enhancement to support the division's infrastructure for financial management. Six new positions (four Management Analysts, one Accounting Specialist and one Personnel Technician) are recommended to help move the division to the Value Purchaser model as proposed in the BPR study. The positions recommended will be used for rate development and provider reimbursement activities, Medicaid accounting, and personnel and payroll functions.

The Executive Budget recommends merging the Health Resources and Cost Review budget into the division's administrative budget. The Health Resources and Cost Review budget is used as a pass-through account for the following: (a) to collect assessments against hospitals with a bed capacity of 200 or more which are used to pay for the assessed hospital's biannual audit; (b) to collect any penalties levied against hospitals with more than 100 beds that have not met their annual indigent care requirement; and (c) to account for miscellaneous revenue collected by the division to reimburse the University Center for Public Data Research for data analysis, research and special projects.

MEDICAID

Medicaid is the state-administered program for medical assistance established in 1965 with passage of Title XIX of the Social Security Act. The Medicaid program purchases or provides medical services for persons who meet eligibility criteria. Federal law specifies minimum eligibility categories and service requirements. States may elect to provide services to optional eligibility groups; Nevada has adopted both optional services and optional eligibility groups. The Medicaid eligibility categories include the following:

- Temporary Assistance for Need Families (TANF) and TANF medical-only cases. These are families that meet the eligibility requirements for TANF.

- Child Health Assurance Program (CHAP). CHAP covers children, including the unborn, in families that are above the TANF income limits, but under the poverty limits for CHAP. CHAP covers children age 5 and under in families at 133 percent of poverty, and children born after September 30, 1983 at 100 percent of poverty. CHAP pregnant women above the TANF limits receive pregnancy-related services only.

- Medical Assistance to the Aged, Blind and Disabled (MAABD). The MAABD program provides coverage for the following: SSI recipients or aged, blind or disabled individuals deemed to be SSI eligible; individuals who are patients in a nursing facility or hospital who are aged, blind or disabled; disabled children who require a level of care in a medical facility, but can be cared for at home (i.e., Katie Beckett); home and community based waiver clients; Qualified Medicare Beneficiaries (QMBs); Special Low-Income Medicare Beneficiaries (SLMBs); other Medicare-related beneficiaries; and emergency assistance for ineligible non-citizens.

- Child Welfare. These are recipients of adoption assistance or foster care Title IV-E of the Social Security Act.

The Executive Budget recommends General Fund support for the Medicaid program be increased by approximately $192.4 million over the 2001-03 biennium compared to the 1999-2001 biennium, a 58.1 percent increase. The significant increase in the amount of state support recommended will offset a decline in the amount of Intergovernmental Transfer revenue projected to be available to fund Medicaid expenditures, provide for the Medicaid program's projected caseload growth, provide for rate increases for discretionary providers, and provide for the expansion of several existing home and community based waivers and new initiatives proposed by the Governor.

The Executive Budget provides approximately $309.2 million ($77.5 million in state funds) over the 2001-03 biennium for the increased costs associated with caseload growth and for mandatory rate increases. Medicaid caseload growth is projected to increase by 19.8 percent in FY 2002 over the FY 2000 actual and by 7.6 percent in FY 2003 over the FY 2002 projection (see table below). The number of individuals participating in the Medicaid program is projected to increase to over 133,000 recipients per month by FY 2003. Additionally, the budget includes mandatory annual rate increases for pharmaceuticals and hospice care and the projected rate increase for managed care providers, which by contract must receive reimbursement rates which are actuarially determined.

Fiscal Year	FY 2000(actual)	FY 2001 (est.)	FY 2002 (est.)	FY 2003 (est.)
Recipients	103,349*	113,291*	123,826*	133,279*
% Change	------	9.6%	9.3%	7.6%

*Average Monthly Medicaid Caseload

The Executive Budget recommends eliminating 13 existing positions (primarily nursing positions) and adding 9 new positions. Five of the new positions recommended will be used to support the division's transition to the Value Purchaser model, and 4 new technology positions are recommended to support the implementation of the MMIS system and to manage the system once implemented. Additionally, funding in the amount of $1.6 million for FY 2002 and $1.52 million for FY 2003 is recommended to contract for services the division currently performs internally. The services include payment authorization requests, pre-admission screening and analytical review (PASAAR), and personal care aid functional assessment and level of care determinations.

The Executive Budget recommends approximately $76.6 million ($38.3 state) over the 2001-03 biennium for discretionary rate increases for the following providers: dental, vision, hospital (in-patient and out-patient) physicians; long-term care; MH/MR (ICF/MR and hospital); and all others. The rate increases the recommended range from 3.5 percent to 10.4 percent for FY 2002 and from 3.5 percent to 6.7 percent for FY 2003. During the interim, the Governor authorized a rate increase for hospitals (2.25 percent) and long-term care providers (7.64 percent) retroactive to July 1, 1999 at a cost of approximately $16.8 million (50/50 state/federal). The cost for the rate increase authorized is an ongoing cost. The rate increase authorized by the Governor exceeded the rate increase funded by the 1999 Legislature for long-term care providers in the amount of three percent in FY 2001. The 1999 Legislature did not approve a rate increase for hospital providers for the current biennium. With the repeal of the Boren amendment, mandatory rate increases for hospitals and long-term care providers are no longer required.

The Executive Budget recommends funding (approximately $3.3 million 50/50 state/federal) to implement the Pharmacy Point of Sale (POS) system. The BPR study recommended the POS system be developed separately from the MMIS system and as a priority, since the system could be implemented in a much shorter period of time and there would be a quick payback. The BPR study projected that a POS system would realize a three percent savings in total pharmacy costs through more efficient processing of pharmaceutical claims (compared to the line item costs charged by the fiscal agent for claims processing).

The Executive Budget recommends several new initiatives and the expansion of several existing home and community based waivers. The following briefly recaps the enhancements recommended:

1. A total of $335,990 (50/50 state/federal) for FY 2002 and $2,327,603 (50/50 state/federal) is recommended to add 160 new slots (over the biennium) for the Community Home Based Initiatives Program (CHIP) for caseload growth and to reduce the existing waiting list for services.

2. A total of $290,193 (50/50 state/federal) for FY 2002 and $693,096 (50/50 state/federal) for FY 2003 is recommended to add 100 new slots in each fiscal year for the Adult Group Care Waiver. The Adult Group Care Waiver allows seniors to live in group facilities by providing supplemental services in a group care home. The eligibility criteria for the waiver will be increased to 300 percent of the SSI income level to establish consistency between all Medicaid waivers. The recommendation should enable more individuals the opportunity to choose a less restrictive living environment compared to nursing home care.

3. A total of $2,792,292 (50/50 state/federal) for FY 2002 and $6,098,625 (50/50 state/federal) for FY 2003 is recommended for the additional caseload anticipated for removing the assets test for the Child Health Assurance Program (CHAP), an existing eligibility requirement for Medicaid. The assets test is considered an enrollment barrier and potentially is a reason families fail to complete the Medicaid eligibility process. This initiative, as well as the Governor's proposal to expedite processing applications for pregnant women and children, is designed to promote early access to prenatal care.

4. A total of $1,146,516 (50/50 state/federal) for FY 2002 and $4,203,475 (50/50 state/federal) for FY 2003 is recommended to add a total of 180 new slots (over the biennium) for the Physically Disabled Waiver program. An additional seven new positions are recommended to provide case management services and assessment of care determinations. The 180 new slots recommended by the Governor, in addition to the 60 slots authorized by the 1999 Legislature, should eliminate the waiting list of approximately 200 individuals that exists at this time.

5. A total of $3,231,000 (35/65 state/federal) for FY 2002 and $3,080,000 (35/65 state/federal) for FY 2003 is recommended to provide treatment services authorized by the Breast and Cervical Cancer Prevention and Treatment Act of 2000 for eligible women. The Breast and Cervical Cancer Prevention and Treatment Act was recently approved by Congress and is an optional program that states can adopt as part of their Medicaid state plan. States exercising the option receive an enhanced federal match equal to the State Children's Health Insurance program (65/35).

NEVADA CHECK-UP PROGRAM

The Balanced Budget Act of 1997 created the State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act to enable states to initiate and expand health care coverage targeted for low-income uninsured children. States are allowed flexibility to provide health care coverage by: (1) expanding coverage under the Medicaid program, (2) establishing insurance coverage, or (3) some combination of these two strategies. SCHIP provides enhanced federal match funding to states that receive federal approval of a state plan specifically delineating how SCHIP funding would be used to increase health care coverage for low-income children. The state plan for Nevada Check-Up was approved in August 1998 and enrollment in the program began in October 1998. Federal Title XXI funds cover 65 percent of the Nevada Check-Up program's total costs, and state funds cover the remaining 35 percent.

The Nevada Check-Up program is designed as a stand-alone program. The program covers children ages birth through 18 years of age from families with incomes up to 200 percent of poverty. The Check-Up program's benefit package mirrors the medical benefits and services available to Medicaid clients. All medical services are provided under a managed care arrangement with participating HMOs in Clark and Washoe counties. The medical services provided in areas of the state where an HMO network does not exist are reimbursed on a fee-for-service basis. Quarterly premiums ranging from $10 to $50 are charged to eligible families based on the family's income level as a percent of poverty.

The caseload for the Nevada Check-Up program continues to grow at a rate that has significantly outpaced the projections that were used by the 1999 Legislature to fund the program. The division received approval from the Interim Finance Committee on several occasions to augment the Nevada Check-Up budget for caseload growth. As of January 2001, over 15,400 children were enrolled in the Nevada Check-Up program. The Executive Budget recommends funding to provide for an average monthly caseload of 21,062 children for FY 2002 and 24,625 for FY 2003. The funding recommended to support the projected caseload includes approximately $10.2 million in state funds for FY 2002 and $11.4 million in state funds for FY 2003. The Executive Budget recommends using state funds for the required match (35 percent) for federal Title XXI funds (65 percent) due to the reduction in the availability of Intergovernmental Transfer revenues, which were used almost exclusively as the state match for the current biennium.

INTERGOVERNMENTAL TRANSFER PROGRAM

The Intergovernmental Transfer program collects monies primarily from public hospitals and counties pursuant to NRS 422.380 through NRS 422.390. The Executive Budget proposes to continue the Intergovernmental Transfer program for the 2001-03 biennium as currently designed and approved by the 1999 Legislature for the 1999-2001 biennium. The Intergovernmental Transfer program, in conjunction with the Disproportionate Share program, generates approximately $36.8 million in additional funds, of which approximately $21 million is distributed to participating public entities and $15.8 million is retained by the state to offset Medicaid costs.

The reserve balances in the Intergovernmental Transfer budget have declined over the past several fiscal years, which will significantly reduce the amount of Intergovernmental Transfer revenue available for the 2001-03 biennium to be used as a revenue source to fund Medicaid and Check-Up program expenditures. The reduction is the result of using a significant portion of the Intergovernmental Transfer budget's unobligated reserves (approximately $104 million at the end of FY 1998) to fund Medicaid and Check-Up expenditures for the 1999-2001 biennium. Spending down the Intergovernmental Transfer budget's unobligated reserves was recommended by the Governor and approved by the 1999 Legislature, with full knowledge that this was one-time funding and that the availability of this revenue source to fund Medicaid and Check-Up expenditures would be significantly reduced for the 2001-03 biennium. The Executive Budget recommends transferring $71.3 million from the Intergovernmental Transfer budget to the Medicaid budget for each fiscal year of the 2001-03 biennium to be used to offset Medicaid expenditures. The Executive Budget does not recommend using Intergovernmental Transfer revenue as the state's match for the Check-Up program for the upcoming biennium. The Intergovernmental Transfer budget's reserve is projected to be approximately $21.1 million at the end of FY 2003. The projected reserve will fluctuate depending upon the amount of balance forward available at the end of FY 2001.

DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES

The Division of Mental Health and Developmental Services (MHDS) is responsible for the development, administration, coordination and evaluation of state treatment and training programs for mentally ill and mentally retarded citizens. The division consists of the following programs and facilities: Nevada Mental Health Institute, also known as Northern Nevada Adult Mental Health Services; Southern Nevada Adult Mental Health Services; the Lake's Crossing Facility for Mentally Disordered Offenders; Rural Clinics; Desert Regional Center; Sierra Regional Center; Rural Regional Center; and the Family Preservation Program.

The Governor is recommending a total budget increase for MHDS of 12.74 percent in FY 2001-02 and an additional increase of 6.9 percent in FY 2002-03. The total budget for the division from all funding sources is recommended at $131.9 million in FY 2001-02 and $141 million in FY 2002-03. The General Fund appropriation is recommended to increase to $92.1 million in FY 2001-02 (a 10 percent increase) and to $99 million in FY 2002-03 (a 7.5 percent increase).

DIVISION ADMINISTRATION

The division Administration budget includes two Quality Assurance Officer positions recommended to be transferred from the Nevada Mental Health Institute and Southern Nevada Adult Mental Health Services (E-900). The recommended budget includes the continuation of $100,000 per year funding for the suicide prevention hotline, which was contained in S.B. 560 as a one-shot appropriation by the 1999 Legislature.

The Executive Budget also recommends continuation of some additional one-shot appropriations as approved by the 1999 Legislature, including $75,000 for continued assistance to the Alliance for the Mentally Ill of Nevada and $250,000 for support of Opportunity Village.

Also recommended as a one-shot appropriation is $300,000 for the division to do a BPR (Business Process Re-engineering) study. This would begin the process to replace the AIMS computer system.

NEVADA MENTAL HEALTH INSTITUTE

The Nevada Mental Health Institute, also known as Northern Nevada Adult Mental Health Services, provides psychiatric and psychological services to the seriously and chronically mentally ill population in northern Nevada. The total budget is recommended to increase 6 percent in FY 2002 over FY 2001. General Fund support of $16.1 million is recommended in FY 2001, an 8.1 percent increase over FY 2001. An additional 5.0 percent increase is recommended in FY 2002.

A $435,950 supplemental appropriation is recommended for medication costs and anticipated utility expenses for the new hospital. The agency is staffed for 50 inpatient beds plus additional staffing for the 10 beds in the PES program (Psychiatric Emergency Services).

New staffing is recommended for two Custodial Workers for the new hospital and one new Psychiatric Caseworker for caseload increases. One Psychiatric Nurse position is recommended for deletion.

A $450,000 one-shot appropriation is recommended for new and replacement equipment.

FACILITY FOR THE MENTAL OFFENDER

The Lake's Crossing Facility for the Mental Offender is located in Washoe County and is currently Nevada's only program for mentally disordered offenders. The agency provides residential services to individuals who have been evaluated as not guilty by reason of insanity, incompetent to stand trial, or who require mental health services in a secure setting. The agency operates with a maximum residential capacity of 48 beds. The agency operates with 80 positions and no new positions have been requested. The total budget is recommended to increase 8.33 percent in FY 2002 over funding authorized in FY 2001.

RURAL CLINICS

The Rural Clinics program provides mental health services to all age groups in the 15 rural counties of Nevada. The total budget is recommended to increase 12 percent in FY 2002 over FY 2001. The Governor is recommending 13.5 new FTE positions in FY 2002 and 1.75 in FY 2003. New staff are recommended in the Douglas, Elko, Pahrump, Ely, Mesquite, Fallon, and Lyon counties, and Carson City offices, plus the administration office. Eleven and one-half positions are for caseload growth, one position is the conversion of a contract position to a billing position, and one accounting clerk is added for revenue collections.

The budget recommends the replacement of $698,025 in General Funds and $31,300 in Medicaid funds a year with TANF federal funds. The TANF funding of $729,325 a year will be used to support services to clients with services provided in their communities.

SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES

Southern Nevada Adult Mental Health Services (SNAMHS), also known as Las Vegas Mental Health Center, operates out of four sites and provides a wide range of mental health services in Clark County. The main campus is located on West Charleston Boulevard. The total budget is recommended to increase 18.2 percent in FY 2002 over FY 2001, with the General Fund increasing 14 percent .

The agency is staffed for 86 inpatient beds plus 10 beds for the psychiatric emergency services (PES) program. During FY 1999, the average census was 69 clients, and for FY 2000 it was 68 clients. The recommended budget deletes 8 positions from the inpatient hospital to help fund additional transitional housing. The inpatient capacity is recommended to be reduced from 86 beds to 78 beds. The agency plans on expanding community placements, with the Governor recommending 8 new clients in Intensive Supportive Living Arrangements (SLAs), plus the placement of 12 clients with special medical needs to be placed in special group homes.

DEVELOPMENTAL SERVICES

The Governor is recommending additional resources be provided to the three regional developmental services budgets: Sierra (northern region), Desert (southern region), and the Rural Regional Center. The total budget for the three regions increases 13.2 percent in FY 2002 over FY 2001, and an additional 7.7 percent in FY 2003.

Funding in the three regional budgets for additional clients adds funding to serve 216 clients phased in during FY 2001 and added into the base of 2,588 clients. Funding recommended by the Governor would increase the total number of clients served in the community from 2,588 clients in FY 2001 to 3,242 clients by the end of FY 2003, which represents a 25 percent increase.

The division has been attempting to transition clients from inpatient facilities to community residential housing. The Governor's budget continues that movement with the closing of six beds at the Desert Regional Center campus and the reduction of seven positions. At the Sierra Regional Center, 12 beds are closed and 15.49 positions eliminated.

HEALTH DIVISION

The State Health Division administers seven bureaus to protect the health of Nevadans and visitors of the state. The division operates under the guidance of the seven-member, Governor-appointed State Board of Health, to enforce health laws and regulations, promote public health education, investigate the causes of disease, and provide direct public health services in Nevada's rural counties.

In total, The Executive Budget recommends $197.9 million for the Health Division during the 2001-03 biennium. Generally, the Governor's recommendation represents a status quo budget for the division. A combination of revenue sources is recommended by the Governor to fund the division's biennial budget, including $35.6 million in state funds, $97.8 million in federal funds, and $64.5 million in other revenue sources. The recommendation for state funds represents an increase of $2.6 million (7.5 percent) over the amount approved by the 1999 Legislature. The increase recommended primarily supports the following: the state employees' compensation package recommended by the Governor, increases in vaccines and aid to counties, support for a rural mammography program, and additional support for the rural Emergency Medical Services initiative. The Governor's recommendation provides funding to continue established programs with a total of 416 positions.

PUBLIC HEALTH TOBACCO FUND

The 1999 Legislature created the Trust Fund for Public Health. Accordingly, ten percent of all tobacco settlement proceeds are allocated to the trust fund. The interest and income generated by the trust fund may be expended for grants to promote public health and programs for disease or illness prevention, research issues related to public health, and direct health care services to children and senior citizens. The initial grants under this portion of the tobacco settlement proceeds will be in April or May of 2001. The Executive Budget recommends grants for these purposes in the amount of $224,442 each year of the upcoming biennium.

CONSUMER HEALTH PROTECTION

The Consumer Health Protection program is responsible for public health engineering, public health sanitation, and the control of food, drugs, and cosmetics. The Public Health Engineering section reviews plans for subdivisions, public buildings, and sewage disposal systems.

The 1997 Legislature established the budgetary and programmatic mechanisms for Consumer Protection to record the low-interest loans issued to operators of small public water systems, and to accept federal grant funds authorized by the Safe Drinking Water Act (SDWA) Amendments of 1996. The loans assist the operators with financing the cost of infrastructure improvements needed to achieve or maintain compliance with the United States Environmental Protection Agency (US-EPA) requirements outlined by the SDWA. A federal allotment of $12.5 million in capitalization grant funds was reserved by the state for the purpose of financing the water system upgrades. To date, the revolving loan program has issued $9.5 million in loans for improvements under this program.

SEXUALLY TRANSMITTED DISEASE CONTROL PROGRAM

The mission of the Sexually Transmitted Disease Control Program (STD) program is to prevent and reduce the prevalence of all sexually transmitted diseases in Nevada. The program focuses on five principal elements, which include HIV prevention, HIV/AIDS surveillance and sero-prevalence monitoring, HIV/AIDS comprehensive care services, the tracking of other reportable sexually transmitted diseases, and the planning and community organization for HIV prevention and care services.

The 1997 Legislature approved General Fund support in each year of the biennium to purchase protease inhibitor drugs for HIV/AIDS clients enrolled in the AIDS Drug Assistance Program (ADAP). The Governor's recommended budget for the upcoming biennium provides for continued state support for purchase of protease inhibitors, which supplements the federal funding for pharmaceuticals and services provided through ADAP.

IMMUNIZATION PROGRAM

The purpose of the Immunization program is to prevent the occurrence of vaccine-preventable diseases in Nevada by promoting immunizations and providing vaccines to prevent the occurrence and transmission of diseases. State-supplied vaccines are provided free of charge to all physicians, hospitals, or clinics that agree to meet the requirements of the program.

For the upcoming biennium, the Governor's budget recommends continuing state support for the purchase of vaccines. Pursuant to a letter of intent issued by the 1999 Legislature, the Health Division received approval from the Interim Finance Committee in September, 2000 to modify the existing childhood series of vaccines by adding Prevnar, a pneumococcyl vaccine recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control. That approval made the vaccine available to approximately 44 percent of Nevada's children, those who are eligible for the Vaccines for Children (VFC) Program (that is, children who are Medicaid-eligible, uninsured, Native Americans and Alaskan Native Tribes). The Executive Budget does not recommend General Fund support to extend this vaccine to the non-VFC-eligible children in the state. The introduction of new vaccines is not contemplated by The Executive Budget.

SPECIAL CHILDREN'S CLINICS

The Special Children's Clinics in Las Vegas and Reno serve as regional centers providing comprehensive family-centered, community-based, multi-disciplinary early intervention treatment and follow-up services. The clinics provide services to families with children (birth to age three) who have been diagnosed as developmentally delayed in the areas of cognition, communication, physical development, social/emotional development, and adaptive skills. In addition, the clinics provide services to children who are at risk for becoming developmentally delayed, or who may be suspected as developmentally delayed. The Executive Budget recommends the elimination of 10.5 Public Service Intern positions that provide administrative and programmatic support to the medical staff in Special Children's Clinics.

WOMEN, INFANTS, AND CHILDREN PROGRAM

The purpose of the Women, Infants, and Children (WIC) program is to improve the nutritional health status of low-income women, infants, and young children to age five during their critical periods of growth and development. The program is 100 percent federally funded and provides supplemental food packages, nutrition education, and referral services to a variety of community resources. The Governor recommends a status quo budget for the WIC program in the upcoming biennium. During FY 2000, an average of 39,131 clients were served on a monthly basis. For the upcoming biennium, the division projects the monthly average number of clients served will increase to 40,800; however, the creation of waiting lists as a result of the increased client activity is not anticipated.

EMERGENCY MEDICAL SERVICES PROGRAM

The mission of the Emergency Medical Services (EMS) program is to ensure access to prompt, efficient, and appropriate ambulance transportation and medical trauma care throughout all Nevada's counties, with the exception of Clark County. The program implements standards for emergency medical services training and maintains regulatory oversight for licensing ambulance attendants, inspecting emergency vehicles, and certifying emergency medical technicians. For the upcoming biennium, the Governor's budget maintains program authority for the self-supported training fund approved by the 1997 Legislature. The training fund was created by the establishment of a $5 incremental EMS certification fee earmarked for issuing training grants to EMS volunteers. The 1999 Legislature approved the Emergency Medical Services Rural Initiative Program to provide training and testing for EMS personnel. The continuation of this program in recommended in The Executive Budget.

BUREAU OF ALCOHOL AND DRUG ABUSE

The 1999 Legislature approved the transfer of this program from the Department of Employment, Training and Rehabilitation to the Health Division. The Executive Budget recommends a status quo budget for the bureau for the upcoming biennium.

WELFARE DIVISION

The Welfare Division is responsible for administering the delivery of cash grants and food stamps, enforcing child support, administering employment and training programs for welfare recipients and the distribution of child-care funding, and determining eligibility for Nevada's Medicaid program.

The Executive Budget recommends General Fund support for the Welfare Division's 2001-03 biennial budget be increased by approximately $9.2 million when compared with the General Fund support approved by the 1999 Legislature for the 1999-2001 biennium. The recommended increase in General Funds primarily supports the following: (a) the projected facility and programming costs assessed by the Department of Information Technology (DoIT) for maintaining NOMADS; (b) the state employees' compensation package recommended by the

Governor; (c) the projected caseload increases in the Aged and Blind budget and the projected increase in the administrative fee charged by the Social Security Administration (SSA) for issuing the state supplement; (d) the additional state funds needed to match federal child care funding; (e) the additional costs to implement and operate the Electronic Benefits Transfer (EBT) system for issuing food stamps; and (f) the 20 new eligibility worker positions and their support costs recommended by the Governor to expedite caseload processing to determine Medicaid eligibility for pregnant women and children and for eliminating the Medicaid assets test for pregnant women and children.

The Executive Budget recommends several organizational changes, which include modifying the funding structure within several division budgets to account for the State Maintenance of Effort (MOE) requirement for receiving TANF block grant funds and isolating all program expenditures related to child care in one budget. More specifically, The Executive Budget recommends isolating the state MOE (except approximately $2.6 million which will remain in the Employment and Training budget to be utilized as MOE for federal child care funds) within the TANF budget. In the past, the state MOE has been located not only in the TANF budget, but also in the Welfare Administration, Welfare Field Services and Employment and Training budgets. According to The Executive Budget, the proposed change will make it easier to account for the state's MOE in one budget account. Isolating the state MOE in the TANF budget will make it appear as if a significant increase in the amount of state funds is recommended for the TANF budget, as well as a decrease in the amount of state funds recommended in the other budgets where the state's MOE has been eliminated.

The Executive Budget proposes to relocate the expenditures for the New Employees of Nevada (NEON) program into the TANF budget, as well as the transfer of all employment and training-related positions from the Employment and Training budget to the Welfare Field Services budget. The proposal will allow for all child-care related expenditures to be accounted for separately in the Employment and Training budget, which will be renamed the Child Care Assistance and Development Program budget. The organizational changes proposed are discussed with the budget account the changes affect.

The Governor also proposes to transfer the Welfare to Work program and budget to the Department of Employment, Training and Rehabilitation (DETR), which was a recommendation proposed as part of the Governor's Steering Committee to Conduct a Fundamental Review of State Government.

The Executive Budget recommends several new or expanded initiatives in the TANF and Welfare Field Services budgets (see each respective budget), in addition to 37 new positions and the elimination of 18 existing positions, for a net increase of 19 new positions division-wide.

WELFARE ADMINISTRATION

The Welfare Administration budget supports the administrative staff and resources for providing oversight to the various division programs. The budget supports the following functions: Administration and Personnel; Administrative Services (finance and accounting, budget and statistics, program review and the division's quality control functions, which have been renamed integrity and reporting); Program and Field Operations (benefits and support, eligibility and payments, investigations and recovery, and employment and training); Nevada Operations of Multi-Automated Data System (NOMADS); and Data Development.

The Executive Budget recommends approximately $31.8 million (FY 2002--$16 million and FY 2003--$15.8 million) over the 2001-03 biennium to maintain the division's automated/integrated systems. A majority of the funding recommended is for the NOMADS project and three small system initiatives. Approximately $14.8 million for each fiscal year is recommended to reimburse the Department of Information Technology (DoIT) for computer facility and programmer maintenance charges and for contractor support.

The federal representatives from the Office of Child Support Enforcement (OCSE) completed the federal certification review of NOMADS in early January 2001. At the completion of their visit to Nevada, the OCSE representatives notified the Welfare Division unofficially that the NOMADS project would receive federal certification. Once formal certification is received, the penalties currently being assessed Nevada will be lifted. Additionally, once formal certification is received, 90 percent of the penalties that have been assessed, or approximately $3.6 million, will be released back to the state. The funding that ultimately will be released back to the state will be reverted at the close of FY 2001.

The Executive Budget recommends approximately $2.3 million (50/50 state/federal) over the 2001-03 biennium to continue implementation of the Electronic Benefits Transfer (EBT) system for issuing food stamps, as mandated by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). States are required to implement an EBT system by October 1, 2002. The Interim Finance Committee, at the September 2000 meeting, authorized the Welfare Division to move forward with the implementation process. The Welfare Division has selected a private company as the implementation and service delivery contractor.

WELFARE FIELD SERVICES

The Welfare Field Services budget provides for the salaries, operating expenses and support costs for the staff who determine eligibility for the various programs administered by the Welfare Division. The programs are designed to enable people in need to become self-supporting, thereby reducing long-term dependency on public assistance. The major programs include Temporary Assistance for Needy Families (TANF), Food Stamps, employment and support services, and Medical Assistance to the Aged, Blind and Disabled.

The Executive Budget recommends a total of 31 new positions and the elimination of 9 existing positions, for a net increase of 22 new positions over the 2001-03 biennium for the Welfare Field Services budget. Additionally, The Executive Budget recommends transferring 52 existing positions from the Employment and Training budget to the Welfare Field Services budget. The proposed transfer of these positions is one of several organizational changes recommended to isolate all child-care expenditures within the Employment and Training budget.

Twenty new eligibility worker positions are recommended for the additional caseload anticipated for two initiatives designed to promote early access to prenatal care. The two initiatives proposed will expedite the processing of applications for pregnant women and children and will eliminate the assets test, an existing requirement for determining Medicaid eligibility for pregnant women and children. The Welfare Division's goal is to be able to make a Medicaid eligibility determination for pregnant women within seven days. The assets test requirement is considered an enrollment barrier and potentially a reason families fail to complete the Medicaid application process. Eliminating the assets test will increase the eligibility caseload for Medicaid. The additional medical costs for eliminating the assets test are included in the Medicaid budget and are estimated at $8.9 million ($3.5 million state) over the 2001-03 biennium.

Five new quality control positions are recommended for the Welfare Division's five largest district offices. The additional quality control staff will be used to reduce error rates when making eligibility determinations for the Food Stamp, TANF and Medicaid programs and new initiatives designed to maximize the division's efforts to receive federal high performance bonuses. The Executive Budget recommends eliminating six existing positions in the Employment and Training budget in exchange for the additional quality control staff.

The Executive Budget recommends reclassifying 24 existing front desk clerks. The duties performed by front desk clerks in support of the eligibility staff require a higher level of responsibility and accountability and more comprehensive knowledge of the eligibility process, as well as more client contact than that required of typical entry-level clerical positions.

TANF

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced the Aid to Families with Dependent Children (AFDC) program, an open-ended federal entitlement, with the Temporary Assistance for Needy Families (TANF) program. The federal funding to support the TANF program is now allocated to states in the form of a block grant that is capped and covers cash assistance, welfare employment and training, and the administrative costs associated with providing these services. TANF has provided states the flexibility to design their own self-sufficiency programs for welfare recipients in conformance with the capped funding, time limitations on program eligibility and work requirements. The 1997 Legislature, with passage of A.B. 401 and S.B. 356, enacted legislation to conform state law with the PRWORA requirements and authorized a number of welfare reform initiatives unique to Nevada. The TANF program requires work in exchange for time-limited assistance. TANF is intended to provide assistance to needy families so dependent children can be cared for in their own home or in the home of a relative by furnishing financial assistance on a temporary basis. Families and individuals meeting eligibility criteria are provided services and assistance to promote self-sufficiency, assure a minimum standard of living and preserve the family unit. TANF is also designed to prevent and reduce the incidence of out-of-wedlock pregnancies and encourage the formation of maintenance of two-parent families.

The estimated TANF block grant for FY 2002 and FY 2003 is approximately $44 million each year. In addition, Nevada is one of 11 states that has been designated as a high population growth state and will receive supplemental TANF funding in the amount of approximately $4.7 million for FY 2002 and approximately $6.3 million for FY 2003. The TANF block grant is allocated between the Welfare Administration, Welfare Field Services, TANF and Employment and Training budgets. The TANF block grant funds are also allocated to other divisions within the Department of Human Resources to support TANF-eligible programs. The PRWORA legislation requires states to continue contributing state funds equal to 80 percent of the amount spent in federal fiscal year (FFY) 1994 on welfare programs consolidated into TANF. The Maintenance of Effort (MOE) provisions require Nevada to continue to spend approximately $27.2 million in state funds each fiscal year on welfare-related programs. The 80 percent MOE can be reduced to 75 percent for each fiscal year if work participation rates are met. Although the Welfare Division has met or exceeded the work participation requirements in past years, The Executive Budget recommends the state's contribution remain at the 80 percent MOE level in case difficulties are experienced in meeting future requirements which are stricter. The Executive Budget recommends isolating the state MOE within the TANF budget, with the exception of approximately $2.6 million which will be retained in the Employment and Training budget.

The Executive Budget projects TANF caseloads will increase to 16,712 average monthly recipients by FY 2003, which is less than a one percent increase over the FY 2000 actual of 16,661 average monthly recipients. Although the projected increase in the TANF caseload for the upcoming biennium is insignificant, the TANF caseload mix has changed over the past two fiscal years and will increase total cash assistance expenditures from the TANF budget by approximately $8.4 million over the 2001-03 biennium. The TANF caseload mix now includes a much higher proportion of non-needy caretakers (relative caretaker of a TANF-eligible child, e.g., grandparent) compared to the TANF population as a whole. The cash grant payment for non-needy caretakers is much higher ($535 vs. $348), which has increased the cost of the average cash grant for the TANF population and therefore cash assistance expenditures. The Executive Budget recommends TANF block grant funds to cover the projected increase in cash assistance expenditures.

Since the beginning of FY 2001 (July 2000), the TANF caseload has averaged over 17,300 recipients monthly. If this trend continues, the TANF caseload projections will need to be revised upward and the amount of cash assistance to be paid from the TANF budget will need to be increased based on the revised projections. If adjustments are necessary, the additional costs for the increased caseload will need to be funded from the TANF "rainy day reserve." This would reduce the TANF "rainy day reserve," which is projected at approximately $19.2 million for FY 2003.

The Executive Budget proposes to increase the cash grant level for families with an ill, incapacitated or disabled member of the household who cannot participate in work-related activities. The cash grant increase is intended to enable these families to care for their children in their own homes. The cash grant is recommended to increase by $187 (to $535) and will be implemented over two years effective in January of each year. The amount of the cash grant increase recommended for the ill, incapacitated and disabled is identical to the cash grant increase approved by the 1999 Legislature for non-needy caretakers. The cash grant increase recommended will apply to an estimated 1,100 families, which represents approximately 1/6th of the current TANF caseload. The Executive Budget recommends retaining the TANF cash grant for all other recipients at the existing levels, which are $348 (three-person household) for recipients not receiving subsidized housing and $272 (three-person household) for recipients receiving subsidized housing. The additional costs for the cash grant increase are projected at approximately $2.5 million over the 2001-03 biennium and will be funded exclusively with TANF block grant funds. The total cost recommended for the cash grant increase will not be realized until the 2003-05 biennium, since the increase for the second year of the biennium will not become effective until January 2003.

The Executive Budget proposes several new initiatives for the upcoming biennium to be funded with TANF block grant funds. The initiatives recommended are as follows:

1. $2 million is recommended for a new initiative to prevent and reduce out-of-wedlock births and to encourage the formation and maintenance of two-parent families, which are two TANF goals set forth in PRWORA. The division plans to use non-profit organizations to implement the initiative.

2. Approximately $330,000 for each fiscal year of the 2001-03 biennium is recommended to subsidize the employment of TANF recipients who will receive on-the-job clerical training. The funding recommended will support 36 training slots per year. The TANF recipients selected will be placed in agencies within the Department of Human Resources that have critical clerical needs.

3. The Emergency Diversion Program, also called the Self-Sufficiency Grant, is designed to provide a one-time grant payment to meet a family's immediate need until a stable income flow is received, i.e. employment, child support or other ongoing source of income. Approximately $500,000 for each fiscal year of the 2001-03 biennium is recommended to continue the Emergency Diversion Program which was approved by the 1999 Legislature; however, implementation has been delayed pending the development of the OASIS system.

The Executive Budget proposes to continue the transfer of TANF block grant funds to the Division of Child and Family Services (DCFS) and Clark and Washoe counties for their respective roles in providing family preservation and reunification services to low-income families and assisting families with their temporary assistance needs. The amounts of the TANF block grant transfers recommended for Clark and Washoe counties are at the same levels approved by the 1999 Legislature (approximately $4.8 million for each fiscal year of the 2001-03 biennium).

TANF regulations allow states the flexibility to transfer up to ten percent of their allocated TANF block grant to the Title XX program. The Executive Budget recommends using this flexibility to transfer approximately $1.9 million for each fiscal year of the 2001-03 biennium in TANF block grant funds to the Title XX program (Purchase of Social Services). The TANF block grant funds to be transferred will be used to make up for a projected reduction in Title XX funding. Additionally, The Executive Budget recommends transferring TANF block grant funds in the amount of $3.9 million for each fiscal year of the 2001-03 biennium to various agencies within the Department of Human Resources to support programs and/or services that are TANF eligible.

The Executive Budget recommends transferring the New Employees of Nevada (NEON) program from the Employment and Training budget to the TANF budget. The NEON program provides employment, education, training and support services to TANF recipients receiving cash assistance. Participation in the NEON program is a condition of eligibility for all non-exempt TANF recipients as mandated by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PRWORA requires adults in families receiving assistance to participate in countable work activities, which are federally defined. States must also achieve minimum work participation rates for both TANF and TANF two-parent families. The Welfare Division has met or exceeded the minimum requirements since PRWORA was enacted. The proposed transfer includes the NEON program's base expenditures in the amount of approximately $3 million over the 2001-03 biennium and an additional $1.6 million, for a total of $4.6 million over the upcoming biennium, to meet stricter work participation rates as mandated by PRWORA.

The work participation rate required by PRWORA for TANF families is 50 percent effective October 2001, and it will remain at this level for both fiscal years of the 2001-03 biennium. In addition to the work participation rate, the adult in a single-parent household must attend at least 30 hours per week of countable work activities. The work participation rate required by PRWORA for TANF two-parent families is 90 percent. In addition to the work participation rate, one or both adults in a TANF two-parent family must attend a total of 35 hours per week of countable work activities.

WELFARE TO WORK

Congress, with passage of the Balanced Budget Act of 1997, approved a $3 billion Welfare to Work (WtW) program administered by the federal Department of Labor. The WtW grant was designed as an adjunct source of federal funding to specifically assist states in creating job opportunities and transitional employment assistance for the hardest-to-employ recipients of TANF and non-custodial parents with significant employment barriers. Nevada's WtW grant award for federal fiscal year (FFY) 1998 was approximately $3.38 million and for FFY 1999 approximately $3.1 million and requires a two-for-one match ($2 federal funds for $1 state funds). States are required to pass-through 85 percent of the available funding to the Local Workforce Investment Boards (formerly known as Private Industry Councils) who broker services to eligible clients.

The Welfare Division has been the lead agency responsible for administering the WtW program since its inception. For the 2001-03 biennium, The Executive Budget proposes to transfer the WtW program and budget to the Department of Employment, Training and Rehabilitation (DETR), which was a recommendation proposed as part of the Governor's Fundamental Review of State Government.

The Executive Budget recommends approximately $2.4 million (approximately $233,000 state) to continue the WtW program through FY 2002, at which time the program was scheduled to end. In late December 2000, Congress authorized an extension for states to expend federal WtW grant funds; however, additional monies were not allocated. Depending on the fiscal year in which the WtW grant was awarded, states can expend federal WtW funds through federal fiscal year 2004. It should be noted that sufficient state funds have been appropriated to the WtW budget (for the current biennium) to leverage the maximum amount of federal WtW funds available to Nevada at this time (assuming the state match that has been budgeted is spent). In light of the extension, it may be possible to continue funding the WtW program through FY 2003 by spreading expenditures over the upcoming biennium.

CHILD SUPPORT ENFORCEMENT

The Child Support Enforcement Program was established in 1975 as Title IV, Part D of the Social Security Act. The Office of Child Support Enforcement (OCSE) of the U.S. Department of Health and Human Services helps states develop, manage and operate their programs according to federal law. In Nevada, the Child Support Enforcement program is administered by the Welfare Division and jointly operated through cooperative agreements with the county district attorneys. The Child Support Enforcement budget is funded with a portion of the child support collections the state is allowed to retain, which are used to match federal Title IV-D funds. The federal government financially supports the Child Support Enforcement program with a standard 66 percent reimbursement rate for most program expenditures and at 90 percent for the cost of genetic testings to determine parentage. The state and counties contribute a 34 percent match for administering the program. The state share of collections supports all non-federal expenditures in the Child Support Enforcement budget. There are no state General Funds in the Child Support Enforcement budget.

Over the past several fiscal years, the state share of collections has declined significantly, primarily because of the significant declines in TANF caseload and new federal laws that have redirected more of the monies collected to the families owed child support. To remain within budget, the Welfare Division has enacted several measures during the current biennium. The measures include transferring the cost for the $75 child support disregard payment from the Child Support Enforcement budget to the TANF budget, transferring positions which could be supported with TANF block grant funds to the Welfare Field Services budget and implementing a reduction in force, which eliminated 45 existing positions. Even with implementing these cost reduction measures, the amount of the state share of collections projected for the 2001-03 biennium will be insufficient to cover the costs of administering the program. To make up for the projected shortfall in the state share of collections, The Executive Budget recommends establishing a cost recovery fee which will be collected and shared evenly with the county partners.

The Child Support Enforcement includes approximately $410,000 in cost recovery fees over the 2001-03 biennium. However, if the fees collected are split evenly with the counties, the total amount of fees that need to be collected will be approximately $820,000 over the biennium. In lieu of establishing a cost recovery fee, it appears the only alternatives to maintain the financial integrity of the Child Support Enforcement budget would be to implement further reductions or directly appropriate state General Fund monies in the amount of the projected shortfall.

ASSISTANCE TO AGED AND BLIND

Assistance to the Aged and Blind is an option to the Supplemental Security Income (SSI) program established by Public Law 92-603. The federal SSI program replaced state-run assistance programs for the Aged, Blind and Disabled and established uniform payment amounts. The Social Security Administration (SSA) administers the program. Nevada has paid a state supplement to the aged and blind who live at home or in an adult group care facility (AGCF) since January 1, 1974. Nevada has never elected the option to supplement payments to the disabled. The purpose of the program is to provide supplemental income to low-income aged and blind individuals and provide adult group care facilities with supplements that enable individuals to avoid or delay institutionalization.

Each year the federal SSI payment is increased by a cost-of-living adjustment (COLA). The state may adjust their supplements; however, the state may not reduce payments below the previous year's overall spending. Presently (as of January 2001), the federal SSI payment is $530. The Nevada supplement for the aged is $36.40 per month, the supplement for the blind is $109.30 per month, and the supplement for individuals residing in AGCFs is $350 per month.

The Executive Budget recommends an increase of approximately $1.2 million in state funds for the Aged and Blind budget for the 2001-03 biennium compared to the current biennium. The increase recommended will cover the additional costs for projected caseload and the additional processing fee assessed by the SSA for determining eligibility and administering the issuance of state supplemental payments. The Executive Budget does not recommend a state-funded increase in the amount of the supplement paid to eligible aged and blind individuals or a rate increase for group care operators.

EMPLOYMENT AND TRAINING

The mission of the Employment and Training program is to case manage and provide employment, education, training, support services and child care to categorically eligible individuals. These services are designed to assist individuals to become and remain self-sufficient, thereby reducing long-term dependency on public assistance.

The Executive Budget recommends numerous organizational changes designed to isolate only child care expenditures within the Employment and Training budget. The organizational changes proposed include the transfer of 52 existing positions to the Welfare Field Services budget and the transfer of the NEON program to the TANF budget. The proposal also recommends the Employment and Training budget be renamed the Child Care Assistance and Development budget.

The Executive Budget includes approximately $18.7 million in state General Fund and $37.8 million in federal funding for child-care related expenditures (does not include administration) for the 2001-03 biennium. The recommended child-care funding supports the following programs:

1. The NEON program provides child-care services to current TANF recipients who are participating in the various NEON program components to include orientation, education and vocational training, employment seeking and work participation.

2. The Assistance with Child Care for the Employed (ACE) Program pays a portion of the child-care expenses for individuals who become ineligible for TANF as a result of earned income. Co-payments are made based upon a sliding fee scale.

3. At-risk child-care payments are available for non-TANF eligible clients who are searching for jobs during the application period or who are at risk of losing their jobs due to the lack of assistance with child-care costs. Co-payments are made based upon a sliding fee scale.

4. Discretionary child-care payments are made for non-TANF eligible clients. Co-payments are made based upon a sliding fee scale.

The Executive Budget recommends eliminating six existing positions to offset the cost for a new quality control position recommended to audit billings received from child-care providers and for the five new positions recommended in the Welfare Field Services budget for reducing error rates. Additionally, The Executive Budget recommends four positions eliminated from the Family Connection budget be re-established in this budget to provide child-care training services.

DIVISION FOR AGING SERVICES

The Division for Aging Services represents Nevadans age 60 years and older and serves as their primary advocate. The division is responsible for administering state and federal dollars that fund senior services through a statewide network of grantees. The division also administers the Community Home Based Initiatives Program (CHIP), the Adult Group Care Waiver Program, and the Caregiver Training Program, which provide services to enable frail, elderly persons at risk of nursing home placement to remain in their homes or to choose a less restrictive alternative.

The Older Americans Act (OAA) of 1965, as amended, and reauthorized in October 2000, is one of the primary funding sources for the division, along with Medicaid funds and state appropriations. The OAA requires the state to match $1 for every $17 federal dollars expended for nutrition and social service programs, and $1 state match for every $4 of federal training and administrative funds. General Fund support recommended by the Governor in FY 2001-02, not including the Senior Citizens' Property Tax Assistance program, is reduced by 5.1 percent when compared to FY 2000-01. This is due primarily to the Homemakers program being funded almost completely by Title XX federal funds, which reduces General Fund support by over $500,000 in FY 2001-02 compared to FY 2000-01. Due to the infusion of tobacco settlement funds to support the Independent Living program and the recommended transfer of the Senior Citizens' Property Tax Assistance program, total funding is recommended to increase by 70.0 percent in FY 2001-02 compared to FY 2000-01. An additional 7.0 percent increase is recommended in FY 2002-03. Other budget areas that are recommended for increase include continuing efforts to reduce caseloads for division staff and waiting lists of seniors for services. In addition, The Executive Budget recommends a three percent increase each year in the rates paid to community based care service providers to encourage more contractors.

COMMUNITY HOME BASED INITIATIVES PROGRAM AND THE GROUP CARE WAIVER

The Community Home Based Initiatives Program (CHIP) and the Adult Group Care Waiver program provide services to eligible seniors most at risk for nursing home placement.

The Executive Budget recommends approximately $1.4 million in federal Medicaid funds and tobacco settlement monies in FY 2001-02 and approximately $2.4 million in FY 2002-03 to increase by 331 the number of CHIP clients served. Tobacco Settlement monies under the Independent Living grants will provide the match for federal Medicaid funds. Approximately $3.4 million will be used to purchase additional services. The Executive Budget recommends 11 new positions: 1 Social Work Supervisor, 6 Social Workers, a Computer Systems Technician, 2 Program Assistants, and an Accounting Clerk.

In addition, The Executive Budget recommends additional increases in federal Medicaid funds to provide funding for 3 new positions and to increase by 100 the number of clients who can be placed in a less restrictive and less expensive level of care under the Adult Group Care Waiver program. It appears the proposal will increase the SSI eligibility level to qualify for the Adult Group Waiver up to the 300 percent of the SSI income level. This will enable more seniors to qualify for waiver services in group care as an alternative to nursing home care. The Governor's budget recommends 2 additional Social Worker positions and a Program Assistant position.

ELDER PROTECTIVE SERVICES AND HOMEMAKER PROGRAMS

These programs were transferred to the Aging Services Division from the Division of Health Care Financing and Policy during the 1999 Legislative Session. The programs provide Elder Protective services and Homemaker services for the elderly.

The Executive Budget recommends using tobacco settlement monies totaling $201,298 in FY 2001-02 and $214,740 in FY 2002-03 to expand in-home services provided to an additional 100 elderly persons. The Executive Budget also recommends an additional Social Worker position to assist with the expansion of the Homemaker Program.

DIVISION OF CHILD AND FAMILY SERVICES

The Division of Child and Family Services (DCFS), created by legislation approved during the 1991 Legislative Session, provides a wide array of services to children and adolescents and is organized into four major functional areas: Treatment Services, Family Support Services, Juvenile Corrections, and Licensing. The Executive Budget is recommending an increase of 9.6 percent for the division's total budget from the FY 2001 work program amount of $128,123,168 to $140,400,908 in FY 2001-02. In FY 2002-03, the recommended total budget of $154,133,152 represents an additional 9.78 percent increase over the amount recommended in FY 2001-02. The General Fund portion of the budget is recommended to increase from the FY 2001 work program amount of $58,419,708 to $69,874,021 in FY 2001-02, an increase of approximately 19.6 percent. In FY 2002-03, the recommended amount of $81,651,567 represents an increase of approximately 16.9 percent over the amount recommended in FY 2001-02.

Full-time equivalent (FTE) positions recommended in The Executive Budget for the division total 951.19 in both years of the 2001-03 biennium, compared to the FY 2001 work program total of 918.43. This represents an additional 32.76 FTE positions for the 2001-03 biennium over the total in FY 2001.

CHILDREN AND FAMILY ADMINISTRATION

This account is the central administrative account of DCFS and contains the unclassified Administrator, the division's four unclassified Deputy Administrators, central fiscal, accounting and personnel staff, as well as the caseworker staff for Child Welfare, Foster Care and Adoption programs. The adjusted base budget recommends the continuation of 326.28 FTE positions in each year of the 2001-03 biennium, and reflects the elimination of an existing Social Welfare Program Specialist II position added by the 1999 Legislature in conjunction with the passage of S.B. 288. This bill authorized the creation of a child welfare pilot project between the division and Washoe County. The money committees, in adding the new position, placed a sunset provision on it. The division did not request, nor does the budget recommend, the reinstatement of the position. No new positions are recommended in the budget for this account.

The Governor is recommending an increase of approximately 7.4 percent in this account's overall budget from the FY 2001 work program amount of $22,446,028 to $24,094,758 in FY 2001-02. In FY 2002-03, an additional 3.8 percent increase is recommended. The General Fund portion is recommended to increase approximately 22.5 percent, from the FY 2001 work program amount of $6,775,587 to $8,296,890 in FY 2001-02. In FY 2002-03, an additional 6.6 percent increase is recommended over the amount recommended in FY 2001-02.

UNITY/SACWIS

This budget represents the division's compliance with a federal mandate to automate foster care and adoption information systems. The SACWIS (Statewide Adoption and Child Welfare Information System) project, now referred to as UNITY (Unified Nevada Information Technology for Youth), began in FY 1994-95 with business process re-engineering (BPR) and culminated with implementation of the system in FY 2001.

The adjusted base budget continues funding for 15 FTE existing positions and provides for the continuing operation of the system during the 2001-03 biennium. The recommended budget is funded approximately 50 percent General Fund and 50 percent Title IV-E. Total recommended expenditure authority in FY 2001-02 of $6,319,382 represents a decrease of approximately 20.5 percent over the FY 2001 work program amounts. In FY 2002-03, total expenditures are recommended to decrease 13.2 percent compared to FY 2002. This is due primarily to the elimination of contractor payments for system development and implementation.

The budget recommends additional information services costs of $1,332,448 in FY 2002 and $1,399,264 in FY 2003 for increased computer facility charges and data communication charges. Also recommended is the transfer-in of 12 FTE Information Systems Specialist positions from DoIT to support the UNITY system. No new funding is required, as this expense was previously paid to DoIT and will now fund the positions directly in this account.

CHILD CARE SERVICES

The Child Care Services Bureau is responsible for licensing and monitoring child-care facilities caring for five or more children not licensed by local entities. Jurisdiction is statewide and includes all rural counties, the incorporated areas of Clark County and designated federal, state or county programs for children. Facilities include child-care centers, pre-schools, group care homes, institutions and outdoor youth programs.

The budget recommends total funding in FY 2001-02 of $1,486,717, a 31.3 percent increase over the FY 2001 work program . In FY 2002-03, the recommended amount of $1,538,946 represents a 3.5 percent increase over the amount recommended in FY 2001-02. The recommended General Fund portion of this total, $497,724 in FY 2001-02, represents a 36.2 percent increase over the FY 2001 work program amount. In FY 2002-03, the recommended amount of $523,939 is approximately a 5.3 percent increase over FY 2001-02. The adjusted base budget recommends the continuance of 19.02 FTE positions.

The Adoption and Safe Families Act requires that relatives receiving foster care payments for IV-E eligible children be licensed as foster parents. A total of seven new FTE positions are recommended effective October 1, 2001 to accommodate a projected increase in licensing activity. The new positions include five Social Worker II's, a Licensing Supervisor and a Management Assistant II.

YOUTH COMMUNITY SERVICES

This budget contains funding for the placement costs of children in the division's care because of abuse, neglect or behavioral/emotional problems. Adoption subsidies are also paid from this account to adoptive parents of special needs children. Total funding recommended for FY 2001-02 of $54,990,640 represents an approximate 28.9 percent increase in expenditure authority over the current FY 2001 amount. For FY 2002-03, the total recommended amount of $66,487,271 represents an additional 20.9 percent increase over the amount recommended in FY 2001-02. The General Fund appropriation for FY 2001-02 of $27,501,919 represents a substantial 43.2 percent increase over the FY 2001 amount of $19,199,250. For FY 2002-03, the recommended General Fund amount represents an approximate 36.3 percent increase over the amount recommended in FY 2001-02.

The budget recommends funding for projected subsidized adoption caseload increases in the 2001-03 biennium. These are monthly payments to adoptive parents who have adopted a special needs child. In FY 2001-02, a total of $1,817,460 is recommended for an additional 439 cases. In FY 2003, a total of $3,208,500 is recommended for a total projected caseload of 775 cases, an additional 336 cases over the FY 2001-02 estimate. The current average subsidy is $345 per month.

Recommended funding is also contained in the budget for projected caseload increases for Medicaid eligible youth. In FY 2001-02, the budget recommends a total of $1,951,691 to accommodate an additional 521 cases. In FY 2002-03, an additional 244 cases are projected, for a total of 765 cases at $2,865,364. Funding is 50 percent General Fund and 50 percent federal Medicaid funds.

A total of $12,888,839 in General Fund support is recommended to implement the recommendations adopted by the A.C.R. 53 Interim Subcommittee to Study the Integration of State and Local Child Welfare Systems in Nevada. The Governor also recommends a one-time appropriation of $7,994,650 associated with the proposed transfer of certain child welfare services to Clark and Washoe counties.

The budget also includes a total of $9,142,094 over the 2001-03 biennium for foster care and adoption subsidy rate increases. Foster care rates paid to foster parents for children 0 to 11 years of age are recommended to increase from $13.28 per day to $19.50 per day (46.8 percent increase), and for children 12 years and older, from $16.33 per day to $22.50 per day (37.8 percent increase). The adoption subsidy rate is recommended to increase 42 percent, from $345 per month to $490 per month. The Governor also recommends a supplemental General Fund appropriation for this budget of $2,743,867 to meet anticipated child welfare expenditures for the current FY 2001.

JUVENILE JUSTICE PROGRAMS (PROBATION SUBSIDIES)

This budget serves as a pass-through account for federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) funds that are allocated to judicial districts based on student population. The budget also contains the Community Corrections Block Grant program initially added by the 1997 Legislature and continued by the 1999 Legislature. The program provides funding to the nine judicial districts to implement programs that reduce or limit commitments to the state. The budget recommends funding for the program of $724,250 in each year of the 2001-

03 biennium. The budget also recommends the transfer-in of three existing FTE staff and several flow-through federal grant programs from the Youth Parole budget (101-3263) to this account.

YOUTH ALTERNATIVE PLACEMENT

This budget primarily contains funding payments to the China Spring Youth Camp in Douglas County and the Spring Mountain Youth Camp in Clark County. County Participation Fee revenue collection authority is also contained in this account and represents fees assessed to and collected from all counties except Clark for the operation of the China Spring Youth Camp. The budget recommends $1,469,876 ($541,355 in General Fund and $928,521 in County Participation Fees) over the 2001-03 biennium for the operation of a planned new 24-bed Aurora Pines female juvenile facility at the China Spring Youth Camp. The 1999 Legislature, through the passage of S.B. 560, provided a $2.8 million General Fund appropriation to Douglas County for the construction of this facility.

JUVENILE CORRECTIONAL FACILITY

This budget account contains funding for payments to Youth Services International, the private operator of the new Summit View Youth Correctional Center, a secure male juvenile correctional facility for serious and chronic offenders located near Nellis Air Force Base. The 96-bed facility opened on schedule on June 1, 2000.

Total funding recommended in FY 2001-02 of $5,492,091 represents a 15.8 percent increase over the FY 2001 work program amount. In FY 2002-03, the recommended amount provides for a 1.2 percent increase over FY 2001-02. The increases are due to the upward adjustment of the debt service payment to reflect both principal and interest payments, as well as a 1.5 percent annual increase in the per diem rate for the contractor.

NEVADA YOUTH TRAINING CENTER

General Fund support in this account is recommended to increase approximately 12.5 percent in FY 2001-02 compared to the amount available in FY 2000-01. In FY 2002-03, the recommended amount of $6,230,830 represents an approximate 4.3 percent increase from the recommended amount in FY 2001-02. The adjusted base budget continues 92.51 FTE positions and reflects the deletion of 5.49 existing FTE positions due to the agency no longer qualifying for TANF funds. However, the budget recommends the addition of $650,403 in General Fund support over the 2001-03 biennium to restore the 5.49 FTE existing positions deleted in the base budget due to the removal of TANF funds. The recommended budget continues 98 existing positions, and no new positions are recommended. The budget also recommends a $73,144 General Fund one-time appropriation for a new vehicle, new furnishings and equipment for the training center.

YOUTH PAROLE SERVICES

The Executive Budget recommends an 8.5 percent increase in General Fund support of this account in FY 2001-02 compared to the total available in FY 2000-01. An approximate increase of 2.8 percent is recommended for FY 2002-03 to $4,514,057 compared to FY 2001-02. The recommended budget continues a net total of 36.02 existing positions for the 2001-03 biennium. Two positions involved with the Intensive Aftercare Project were eliminated at the end of FY

1999-2000 due to the expiration of the grant. Additionally, the budget recommends the transfer-out of three existing FTE staff and several flow-through federal grant programs from this budget to the Juvenile Justice Programs budget account (101-1383). No new positions are recommended in the budget.

The Governor recommends continuation of funding for the Transitional Community Reintegration (TCR) program at $1,134,695 in each year of the 2001-03 biennium, compared to actual FY 2000 expenditures of $1,138,102. This program was added by the 1997 Legislature and continued by the 1999 Legislature as an alternative program to assist in relieving overcrowding in both local juvenile detention facilities and state-operated training centers. The Governor also recommends the replacement of $385,106 in federal TANF funds in each year of the 2001-03 biennium with General Fund support for the TCR program, due to revised TANF rules that no longer allow support of juvenile justice expenditures.

NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES

The Executive Budget recommends General Fund support in FY 2001-02 of $2,326,426, an increase of approximately 29 percent compared to the FY 2000-01 amount. For FY 2002-03, an additional 9.8 percent increase is recommended over FY 2001-02. The recommended budget continues 87.25 existing FTE positions and also adds 4.02 existing FTE positions from the transfer-in of the remaining portions of the Infant Enhancement Program (2.51 FTE) and the Home Activity Program for Parents and Youngsters (HAPPY) (1.51 FTE) from the State and Community Collaborations (Chapter I-Special Education) account from the Department of Human Resources, Director's Office. The majority of the transfer of positions from these programs was approved by the 1999 Legislature. No new positions are recommended in the budget. The Governor also recommends a $75,321 General Fund one-time appropriation for office equipment and remodeling.

SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES

The Executive Budget recommends overall spending authority in this account in FY 2001-02 of $18,094,569, an increase of 15 percent over the total amount authorized in FY 2000-01. In FY 2002-03, the total recommended amount of $18,797,194 is an approximate 3.9 percent increase over FY 2001-02. The recommended General Fund support in this account increases from $5,692,332 in FY 2000-01 to $6,423,783 in FY 2001-02, a 12.8 percent increase. For FY 2002-03, an additional 11 percent increase is recommended.

The adjusted base budget recommends continuance of 254.05 FTE existing positions. A total of 9.55 existing FTE positions have been deleted due to the elimination of the New Wish Grant. The budget recommends a total of 14.51 new FTE positions and the transfer-in of 2.53 existing positions for the First Step Program, for a net total of 271.09 FTE for each year of the 2001-03 biennium. The 2.53 FTE existing positions are transferred in from the State and Community Collaborations (Chapter I-Special Education) account in the Department of Human Resources, Director's Office.

The budget recommends 5.51 FTE new positions for the agency's fiscal unit. The new positions include an Accountant II, an Accounting Specialist, and 3.51 FTE Accounting Clerks. Also recommended are a total of 9 new FTE positions for the Desert Willow Treatment Center, which includes 6 Psychiatric Nurses and 3 Mental Health Technician III positions, effective July 1,

2001. Recent surveys by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and the Health Division's Bureau of Licensure and Certification have determined that there is insufficient staffing at the facility. The budget also recommends a $178,458 one-time appropriation for new and replacement equipment.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

The Department of Employment, Training, and Rehabilitation (DETR) consists of four divisions: Employment Security; Equal Rights; Information Development and Processing; and Rehabilitation.

The department is responsible for providing employment, training, and rehabilitation services that meet the needs of Nevada's citizens, employers, employees, and job seekers, to maximize independence, self-sufficiency, and participation in the workforce. The primary funding sources for the department are federal funds from the U.S. Departments of Labor, Education, and Health and Human Services; the Social Security Administration; interest and forfeitures of employer contributions; and a surcharge of .05 percent on wages paid by Nevada employers. The Executive Budget recommends General Fund support of $4.7 million in each year of the biennium, a 15.6 percent increase over amounts approved in FY 2000-01. Total funding is recommended to increase 5.6 percent in FY 2001-02 over FY 2000-01 amounts.

The department currently has approximately 815 full-time permanent employees located in over 35 offices statewide. The Governor's overall recommendations for the department include the transfer of two budget accounts to the Department of Human Resources: Budget Account 3154, Developmental Disabilities, and Budget Account 3266, Community Based Services.

ADMINISTRATIVE SERVICES

The Administrative Services budget was approved by the 1995 Legislature to centralize the department's support services in the areas of financial management, human resources, and office services. The unit currently has 42 existing positions. The Governor is not recommending any new programs for this budget. However, the Governor recommends consolidating the services and functions of DETR's Director's Office into this budget account. If the Governor's recommendation is approved, all budget authority from budget account 3270, Director's Office, will transfer to this account and will include the transfer of 12 FTE. In addition, The Executive Budget recommends the transfer of an Employment Service Office from the Employment Security Division to support the division's implementation of various Workforce Investment Act initiatives.

INFORMATION DEVELOPMENT AND PROCESSING DIVISION

The division currently employs 48 positions and consists of two bureaus, Research and Analysis and Data Processing. The Research and Analysis Bureau is responsible for the development and dissemination of labor market information, which includes labor force, employment, occupational and general economic and demographic data. The bureau is also responsible for operating the Nevada Career Information System, which provides computerized occupational and career information to the state's school districts and service providers. The operations and functions of the Information Development and Processing Division are primarily funded from transfers from the Employment Security Division.

The Executive Budget is not recommending any new programs for this budget account during the coming biennium. The Governor's budget does provide $344,929 in funding for replacement computer equipment and software upgrades required for the division's intra-net and mainframe operations. The Executive Budget also recommends the transfer to this budget of a Computer Network Technician from the department's One-Stop Center budget account.

EMPLOYMENT SECURITY DIVISION

The Employment Security Division (ESD) currently employs approximately 444 full-time permanent employees responsible for programs that pay unemployment insurance (UI) benefits, collect UI premiums, and match jobseekers with employers. The division also oversees the claimant/employer appeals process and provides training through the Claimant Enhancement Program.

The Governor's budget recommends $68.9 million in FY 2001-02, which represents a 12.6 percent increase over FY 2000-01. Funding is recommended to be reduced by $65.2 million in FY 2002-03. Governor's recommendations include funding for a new Economist II position to meet the demand for additional support of the state and local workforce investment boards in the development of Nevada's workforce system created by the implementation of the 1998 Workforce Investment Act (WIA). Also included in the Governor's budget is the recommendation to consolidate services of DETR's Technical Assistance and Monitoring Unit (formerly the State Job Training Office) with those of ESD; $960,838 for statewide expansion of the telephone initial claim filing system; and $686,092 for the development and implementation of the fully automated redesign of Nevada's UI adjudication process (funding for this project will be supplied from the ESD Special Fund).

The Career Enhancement Program is funded through a surcharge of .05 percent of wages paid by Nevada employers, and may be used only for re-employment services and training programs to enhance the skills of unemployed Nevadans. The Executive Budget recommends funding of $10.7 million in FY 2001-02 and $11.1 million in FY 2002-03. This compares to funding of $10.8 million authorized in FY 2000-01. Recommended increases include $2.1 million in funding for expanded training services.

The Employment Security Special Fund derives its revenue from interest and forfeitures of employer contributions (UI taxes), which may be used to cover expenditures for which federal funds have been requested but not yet received, to pay administrative costs of the division which may not be charged against federal grants, and for capital improvements. The Executive Budget recommendations include approximately $686,092 for the development and implementation of the fully automated redesign of Nevada's UI adjudication process, and $2.2 million for the completion of Phase II of the UI tax contribution system rewrite effort.

The Governor also recommends $2 million in funding for the design and construction of a new administration building in Las Vegas. The total cost of the project is currently estimated at approximately $8.2 million. The department is proposing to utilize $2 million from the ESD Special Fund, $1 million in U.S. Department of Labor Reed Act funds, $1 million from the sale of property, and the balance of approximately $4.2 million would be financed through the sale of bonds.

REHABILITATION DIVISION

The Rehabilitation Division currently employs approximately 222 existing positions and is comprised of three bureaus: Vocational Rehabilitation, Services to the Blind and Visually Impaired, and Disability Adjudication. The division is also currently responsible for the state Vocational Assessment Centers, the Client Assistance Program, the Nevada Developmental Disabilities Program, and several community based service programs for the disabled.

The programs operated by the division provide options for Nevadans with disabilities to work and live independently and drug free. Funding for the programs is primarily from federal agencies, as well as state dollars provided as a match to meet maintenance-of-effort requirements. The Governor's recommendations for all programs of the Rehabilitation Division for the 2001-03 biennium provide for an increase of approximately $944,236, or 14.8 percent, in General Funds, and a slight decrease of $688,142, or –1.4 percent, in federal and other funds, when compared to the 1999-2001 biennium. This reduction in federal funding is largely due to the Governor's recommendation to transfer the Developmental Disabilities and Community Based Services budgets to the Department of Human Resources.

The Executive Budget recommendations for the division include the transfer of the Vocational Assessment Centers' budget account to DETR's Bureau of Vocational Rehabilitation (BVR); transferring the Developmental Disabilities (BA 3154) and Community Based Services (BA 3266) to the Department of Human Resources; increased funding to meet the division caseload growth projection of 6.11 percent per year; and advanced planning resources to meet anticipated Social Security Administration disability adjudication program changes. If approved, the recommendation to transfer Developmental Disabilities and Community Based Services will result in approximately $4.4 million in General Fund and $6.7 million in federal and other funding being transferred from the Rehabilitation Division to the Department of Human Resources.

The Governor's budget also includes funding for the addition of two Public Service Interns in the BVR budget to assist the bureau in recruiting qualified Rehabilitation Coordinators, and a new Rehabilitation Coordinator position in the Services to the Blind and Visually Impaired budget account to work with blind or visually impaired students who are transitioning from school to careers.