

**STATE OF NEVADA
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
EMPLOYMENT SECURITY COUNCIL MEETING**

**Meeting to Review the Career Enhancement Program (CEP) and Solicit Comments on the
proposed Amendment to CEP Veterans and Senior Citizens Small Business Loan Program**

May 27, 2014 – 10:00 A.M.

Live Meeting:

Legislative Building
401 S. Carson Street, Room 3137
Carson City, Nevada 89701

Video Conference to:

Grant Sawyer Building
555 E. Washington Ave., Room 4406
Las Vegas, Nevada 89101

Note: This meeting was also broadcast on the Internet at www.leg.state.nv.us

Council Members Present

Paul Havas, Chair – Employers
Kathleen Johnson – Public/BOR
Paul Barton – Public
Danny Costella – Employees/Labor

Margaret Wittenberg – Employers/BOR
Michelle Carranza – Employers (in LV today)
Shawn Lindsey – Employees/Labor (in LV today)

Council Members Absent

Ross Whitacre – Public

Charles Billings – Employees/Labor/BOR

Department of Employment, Training and Rehabilitation (DETR) Staff

Present in Carson City

Renee L. Olson, Division Administrator, Employment Security Division (ESD)/DETR
Kelly D. Karch, Deputy Administrator, UI/ESD/DETR
J. Thomas Susich, Sr. Legal Counsel, ESD/DETR
Dave Schmidt, Economist, Research & Analysis Bureau R&A/DETR
Girish Pandit, Manager, Carson City JobConnect/DETR
Grant Nielson, Chief, WISS/ESD/DETR
Mary Everson, WISS/ESD/DETR
Mikki Reed, UISS/ESD/DETR
Joyce Golden, Administrative Office, ESD/DETR
Lynn King, Administrative Office, ESD/DETR

Present in Las Vegas

Ron Fletcher, Chief, Field Direction and Management, ESD/DETR
Hal Bingham, Deputy Administrative Office, ESD/DETR

Members of the Public, Media and Other Agencies

Carson City: Fred Suwe, Public
Las Vegas: None

Exhibits

Exhibit A - Agenda for the Meeting/Workshop

Exhibit B - Draft of Proposed Amendment to Regulation

Exhibit C - Review of CEP

Exhibit D - CEP Funding and Budget Overview

I. CALL TO ORDER AND WELCOME

Paul Havas, Chair of the Employment Security Council called the meeting to order at 10:00 a.m. on May 27, 2014, and welcomed everyone to the meeting.

II. INTRODUCTION OF COUNCIL MEMBERS

At this juncture, we would like to begin by introducing Shawn Lindsey in Las Vegas, member of the Council, and Michelle Carranza in Las Vegas, a member of the Employment Security Council. Now I would like to have each member of the Employment Security Council present him or herself.

Margaret Wittenberg, representing Employers and I am a member of the Board of Review.

Paul Barton, representing the Public.

Renee Olson, Division Administrator of the Employment Security Division and I am an ex-officio member of the Council and I serve as secretary.

Paul Havas, Chairman of the Employment Security Council, representing Employers.

Danny Costella, representing Employees/Labor.

Michelle Carranza, representing Employers.

Shawn Lindsey, representing Employees/Labor.

III. PUBLIC COMMENT

The Chairman thanked everyone and went on to ask if there was any comment or comments from the public. Not hearing any, he went on and asked Renee Olson to do an introduction to provide some kind of an overview of the Career Enhancement Program and what we are doing today.

IV. OVERVIEW OF CAREER ENHANCEMENT PROGRAM (CEP)

Girish Pandit, ESD Manager, Carson City JobConnect (Exhibit C)

Comments by Renee Olson:

This morning one of the purposes of our meeting today is, to talk about the Career Enhancement Program and to talk about how the Career Enhancement Program is currently being used in the State today. Items Number 4 and 5 are both dealing with the Career Enhancement Program, but what I wanted to do is just take a minute to kind of talk about some of the historic perspective of the program and how it has evolved a little bit over the years. And then we're going to introduce one of our JobConnect managers to come up and give us the perspective of how CEP is used in the JobConnect offices statewide.

I shouldn't really be considered the historian of the program. I've been the Administrator for a couple of years now, but I know that we have people amongst us today that have been involved in the Career Enhancement Program for many, many years.

The program initially started out in the late 1980s as a program -- it was called the Claimant Enhancement Program. And it was really restricted to targeting individuals who are on unemployment insurance benefits to help those folks return to employment and to possibly receive training, counseling, those types of services to return to work.

And therefore, it would help employers to find qualified applicants and it would help employers to save money in the Unemployment Insurance Trust Fund Program, because the sooner folks on benefits return to work, the less benefits they collect out of the system.

I believe what I've come to understand in trying to look back and understand the evolution of the program, it was later. I think probably in the early 2000, in that timeframe, it was changed to include folks who are unemployed, not necessarily receiving unemployment insurance benefits. And I think the reason for that was that we recognized that perhaps folks had exhausted their unemployment insurance benefits, but it was still worthwhile to help those folks return to work for the economy's sake, for the worker's sake and for the sake of the employers in finding good employees out there looking for work.

It has evolved since then. Not necessarily that those were some statutory points in the history of the CEP Program. Some people refer, just so you know, some people refer to it as the CEP Program, some people call it CEP. I tend to refer to it as CEP, which is the acronym for the program. Just so everyone understands the acronyms there.

So probably with the occurrence of the recession, the latest recession starting in 2008, I think that folks were looking for a way to provide some incentive to get people back to work. And what was created during that time was what we call the Silver State Works Program. We're going to talk about that program in detail and how that is used right now in the state.

One of the items that is on the agenda today to talk about, is a regulation that was adopted a few years back in response to some legislation that passed. I think, three sessions ago that was kind of the latest statutory tweak to the program. And what it did was added a program for small business loans, start-up business loans to seniors and veterans. And it required that regulations be established to outline the requirements of the program. It requires the Division to provide grants to non-profit entities to run the loan programs. And so, those are the regulations that are going to be considered today. We're looking for input into those regulations and how those are changed. We're looking to try to make the program more workable in real terms and see what we can do to make the program more effective.

Some of the other evolution that you would see in the program is not just statutory, but how we are -- how we are looking at initiatives out in the state in terms of training people for jobs and increasing our participation with economic development and education. So some of those things I'll go into when I get to my part in the presentation, but I think what we'd really like to highlight and the reason I'm having Girish come up and present to you how the JobConnects run the CEP program is that, it's a really valuable program. It's been operating in the state for a long time. It's been very, very successful in returning folks to work. And so we wanted to highlight that specifically. And I think what you'll see is that the staff that we fund with the CEP program and the JobConnects is really extremely valuable to the state.

We hope that employers understand how we're using their tax dollars. That's another reason for this meeting, to provide some information to employers. So with that, I'm going to conclude my comments and invite Girish up. And then I'll pipe in again with my own presentation. Thank you.

Girish Pandit's Presentation:

For the record, I'm Girish Pandit, ESD Manager, Carson City for the JobConnect Offices. I'm going to make a presentation on the CEP Program that has been, as Renee mentioned, very successful in the JobConnect Offices.

So, to start off with the CEP business model. The program started in 1988 under NRS 612.607 by the Nevada State Legislature. At that time, it was called the Claimant Enhancement Program. In 1994 to include all Nevadans seeking employment, it was changed to the Career Enhancement Program. This is an employer-funded program through tax collected quarterly in conjunction with the Unemployment Insurance Tax. It is .05 percent of that tax.

Individuals must meet the eligibility criteria for services in our JobConnect Offices. By that I mean, they have to be a Nevada resident, have proof of residency, be eligible to work and, finally, they should not have any UI, which is Unemployment Insurance or payments. This program provides job seekers with accelerated targeted growth for reemployment assistance because it is a short-term program. We have the flexibility to react and adjust to the real time needs of employers and job seekers given the changing market conditions in our economy today. And finally, the CEP program promotes co-enrollment with our other WIA, Workforce Investment Service Providers, for example Bureau of Vocational Rehab, which is BVR or join statewide.

There are four main components of the CEP program due to the fact that this is a short-term, goal-oriented program. The first one is vocational classroom training or VCT. In this component, we have forklift training, welding training, truck driving schools, things of that nature.

The second component is academic enhancement training. Over here we look at GED preparation as well as testing and computer skills, which in the Carson City JobConnect Offices is partnered with Join which is two offices away from ours.

The third component is reemployment-related expenses. Over here we are looking at, you know, tools for staff for job seekers seeking employment as well as uniforms, shoes, things of that nature.

And the last component is TRE, which is training-related expenses. Something that would fall in this category would be the National Career Readiness Certification which is NCRC or Work Keys or employment eligibility programs.

Utilizing these four programs, our goal is to help the jobseeker return back to the workforce as quickly as possible.

CEP also focuses on sector training. So the sectors that we work on, for example, are agriculture, manufacturing, health and medical services, mining and materials, information technology, logistics and operations, clean energy, aerospace and defense and, finally, tourism, gaming and entertainment, given that we live in Nevada and, you know, Las Vegas is our biggest hub for economic activity, it's no wonder that we have spent most of our funds, a majority of our funds on this last sector that I just mentioned.

Now, on this slide, I just want to highlight some of the successes that this program has had in recent times. In Maryland Parkway, Mr. C walked into the office in Las Vegas. He was unable to find employment. Mr. C worked as a seasonal and agricultural farm worker. He comes into our office wanting some training as a utility porter in the culinary academy. His training was completed on the 28th of February. Caesar's Palace in Vegas employed this individual on 3/10. That's certainly a very short period of time. And he's making, currently, \$14 an hour.

In Northern Nevada, we have a very successful program, which is CNC program Right Skills Now. We are partnered in this program, the JobConnect Offices in Northern Nevada with TMCC Truckee Meadows Community College. And we recommended 11 individuals to be enrolled in this program. Ten individual completed the training and as of today, nine individuals are permanently employed making \$12 to \$15 an hour, which is a very good record for these individuals.

CEP participants going to JobConnect Offices were 12,400. The Silver State Works participants were also partnered in the CEP program, because both these programs work in conjunction with one another. Eighty-five percent of the 12,400 or 10,540 jobseekers gained employment after they participated in the CEP program, which is a very good success rate. And 15 percent are still seeking employment as of today -- as of this week when we ran this report.

The number of contracts and purchase authorizations that the CEP program has, as you can see, is reemployment-related expenses, which is a big component of this. Vocational classroom training is another big component of this program.

Some of the expenditures related to the CEP program, given the programs that we have and given the components that I have just mentioned; one of the biggest ones is VCT, which is because of the expenses we incur in Las Vegas that's \$773,000 or 68 percent of this pie chart.

This next slide that we're seeing here is that we have 48 dedicated CEP staff members. By dedicated, means they do CEP and also they all take care of the walk-in traffic, which comes into all our ten JobConnect Offices. So we have 48 staff members taking care of 12,400 customers. This number shows the total staff-assisted customers in the ten JobConnect Offices statewide, which is 170,000 plus. And we have resource centers in all our offices. By resource centers, I mean we have computers that are self-serve. Jobseekers come into these JobConnect Offices and can fill out job applications, look up open jobs from employers, do their resumes, do their cover letters and things of that nature.

And on average, we have someone who is seeking a job and it's not a one-time deal. They have to come in and they have to work at it. Finding a job is a job in itself. So they come in and on average they have at least five visits till they get back to work. And the staff in our offices, they build very strong relationships with these jobseekers. They provide intensive services and their individual employment plans and sometimes customers are, very selective on which ES, which is Employment Security, staff member they wish to work with, because of their relationship with this customer and them knowing what they are looking for and things of that nature. So they have individual employment plans, as I mentioned before, and with their ultimate goal of getting these customers back to work. Thank you.

That concluded Mr. Pandit's presentation. Chairman Havas thanked him and asked if there were any questions for Mr. Pandit.

Council member Michelle Carranza in Las Vegas asked if Girish could give the Council an idea of what the tenure is of these folks that are reemployed. Ms. Carranza said that one sees the great statistic that they were like the one gentleman that was reemployed very quickly. Obviously, he may not be a great example, but what's the average tenure? A year or two years? How long are people staying in these new jobs? Mr. Pandit said that they are staying at these new jobs anywhere from say, six months to three years in the new jobs.

There were no other questions at this point and Chairman Havas gave the floor to Renee Olson for her presentation.

V. CAREER ENHANCEMENT PROGRAM (CEP) FUNDING AND BUDGET OVERVIEW

Renee Olson, Division Administrator, Employment Security Division (Exhibit D)

Thank you. Looks like my presentation is up. But I wanted to just take a quick minute to also mention that, you know, we have ten local offices in the State. And the Career Enhancement Program has really become part of the fabric of the services that we provide in these offices.

With the staff that we keep in these offices, I wanted to just point out, too, that it's not just the 12,500 individuals that we pointed out that were formally enrolled in the CEP program. You know, when these folks are available to help others, they help whoever is coming in the door; to help veterans, to help people who aren't necessarily signing up formally for CEP, for training or other services of that nature. Maybe they just want a job referral, but I just wanted people to understand they're really interwoven in the service provision in these offices. We have ten offices statewide with the 48 staff that are dedicated to this funding that Girish mentioned. I just don't want people to have the idea that they don't serve beyond that 12,500 people. And I wanted to point that out as well.

I also wanted the Council to realize, with a state of 2.7 million people -- I think that was the last number is about 2.7 million -- and a workforce of about 1.3 million people, the numbers that you see here that are creating traffic in our JobConnect Offices of a couple of hundred thousand people just staff-related assistance, that's a pretty big number for the number of people that are assisted in our offices. So I just had to make that point. You asked about job retention, I just wanted to point out to you that if any of the Council members have any other questions about those statistics or any others, please feel free to contact my office and we can provide you those performance statistics, and that's not a problem.

I also thought it interesting in the pie charts that he pointed out that the number of RRE clients receiving reemployment-related items assistance is very large, but the cost of it is one of the smaller costs that we see. So that program in and of itself, as I understand it, you know, folks come into our offices and they say, you know, "I've got this job if I can get a pair of work boots to get back to work." "I've got this job if I can get a set of tools to walk in the door with and start working."

And so for the cost that we're spending there -- maybe it's just something as simple as a Sheriff's card or a work card. We're getting people into a job with those CEP dollars. So I think it's important to point that out that for -- the bang for the buck is -- is really good on that funding right there.

So with that, I guess I'll move into my presentation. Girish mentioned the Silver States Works program, and I thought I'd kind of go through that a little bit for you. I mentioned during the heat of the recession, we developed this program to provide incentive to employers to hire folks that come into our offices and to provide some opportunity for those folks looking for work.

I just thought I'd point out to begin with that we started this program in 2011. Actually rolled it out into the offices in 2011. The expenditures on this program to date over the course of those years is about 4.1 million dollars and we've served over the course of that time, if I've got my numbers right, 3,764 participants. So that's a little over \$1,000 per participant on average.

So as I mentioned before, in the next point, is that we do provide hiring incentives to employers, which provides the opportunities for our jobseekers to find jobs. The eligible participants are UI claimants, veterans, voc rehab -- Vocational Rehabilitation clients, shorten that to VR. We like our shortened acronym world. And then TANF clients as well.

There are three ways that employers can participate. Workers can participate who are collecting unemployment insurance benefits. They can continue to receive those benefits and also get on-the-job training during that time and we will pay up to \$600 per individual on that contract.

Another way that they can participate is through the Employer Incentive Job Program. And that's a wage subsidy program to employers who agree to train and pay participating workers. I believe those contracts are negotiated individually with each employer. So I say up to 50 percent, because that depends on the needs of the employer at the time. And then the third way those funds are used, is an Incentive Based Employment. That's really a retention -- a wage retention supplement that's paid to employers to hire and retain eligible fulltime workers. Those are workers that are working 30 hours or more a week. And they would pay up to \$2,000 over the course of \$500 per month over the course of that retained employment. So those are some highlights of that program and I've added some additional -- you can go onto the website, silverstateworks.com for additional information.

So I'm mentioning it again here. Over the past few years the Department has worked closely with Economic Development. In that regard, I just mention it again here, because Silver State Works is also used as a way for them to offer an incentive to employers coming into the state, that they would like to attract to the state, to say that here's a way for your employees to also get some training they might need for your particular business coming into Nevada. So those are managed through our business service officers in the field. They are something that Economic Development, the Governor's Office of Economic Development does offer when they're talking to perspective employers or companies moving to Nevada.

Another initiative that we fund with the Governor's Office of Economic Development, is the Train Employees Now initiative. This is funding that we provide to GOED and for short-term skills based training. And the Office of Economic Development enters those contracts with those for training and we provide the funding for them.

A couple of other ways that we participate with Economic Development; during the last session, there was some legislation passed for GOED, that's the State's acronym for Governor's Office of Economic Development, just to make sure we're all on the same page. They have a program for certifying emerging small businesses, and the purpose of that program is to assist those businesses to obtain contracts with the state and local government agencies. We provide funding for their administrative costs in that program through an agreement, I believe it's an agreement between the directors to do so, and that's how they're budgeted, I think this started a couple of years back.

The first year of the next contract that you're going to see here is really a lease agreement that we have to pay some lease payments for the IBM Center for Excellence. There is additional information on the websites I've noted below that you can take a look at.

This one that they've established in Las Vegas is called the Nevada's Water Center of Excellence. And it really focuses on water resource management and analytical services. And the way it's been described to me is that I think of it as a think tank, or kind of an R&D generating technology for water resource management technologies or companies out there. The idea being that Nevada is actually very good at managing water resources; one of the leaders in the world for that sort of technology. And I think Las Vegas is well renowned for water technology, water management technology and management practices. So they've established this center in Las Vegas and we help fund. And I believe the total contract over the life of the contract is about \$900,000.

You'll see that we also collaborate with higher education. When Director Woodbeck was with us, he started an initiative to establish what we refer to as Workforce Development Centers in the community colleges around the state. Right now we have staff in two of the community colleges. One is at College of Southern Nevada and one is at Great Basin College. And these folks are situated in these offices and work with the Workforce training staff in the colleges. I kind of think of them as a coordinator between the employers who may be looking for some customized training in the community colleges. They help with that process and then my hope is that they'll also be helping our claimants and people in our JobConnect offices connected with those training opportunities and return hopefully to employment.

We've also have some items where in working with the various community colleges and higher education, the Director has collaborated in terms of offering some grants to the colleges. One of those grants is the Future of Nursing Grant. As I understand this grant, it's \$75,000 a year for this year and next year to pay for one full-time and one part-time staff member. And I think the initiative behind the grant is to, basically, promote the advancement of nursing education in Nevada. So I think, it's sort of a capacity building and planning grant where they are trying to share the importance of advancing education in Nevada in terms of nursing programs throughout the state.

You'll see that we also partner with K-12 Education in the CEP program. In recent years the Director has helped relief. The ground up started in Nevada what's called the Jobs for America's Graduates program. The Jobs for America's Graduates program is really a nationwide initiative. There is a nationwide board and I believe our Governor is a member of that board. And so since 2012, I believe, we started with a pilot program in the state of Nevada, I think the first counties and school districts that were involved there were Washoe, Douglas, Lyon and Clark Counties.

And so they started small. They started with a few schools. And what -- the purpose of this program is, they put what they call JAG specialists into the schools. They are not teachers. They usually work for the nonprofit. But they work in these schools with at-risk students that are having trouble with graduating. They start in their junior year. They work with these kids towards graduation, with the end result of that work, first of all, graduation and then, hopefully, that they can either go three ways. They can go into a post-secondary education, they can go into a vocational track of education, or they can go to work.

And so, since the beginning of that program, we started our contract with that program with the community services agency. Over the course of those couple of years, the contract there was about 1.3 million dollars. These dollars go to the school districts to pay for those JAG specialists that I mentioned. And then, most recently, what they have done is created a specific nonprofit in the state of Nevada called Jobs for Nevada's Graduates. And so, that contract for next year for the Jobs for America's Graduates will be with the Jobs for Nevada's Graduates nonprofit entity, and that's about \$750,000 for the next school year.

They are expanding, what I understand is that they are expanding the number of schools that are being included in this program. They also receive funding, Jobs for Nevada's Graduates will also receive funding from the Department of Education General Funds. And they also receive Workforce Investment Act funding from our local boards, from their specific youth funding that they receive through that federal grant. They are also tasked with finding private donations for the nonprofit to fund this effort in our schools. And again, I've provided links to websites with some additional information so you can understand that program a little better.

One of the recent projects that we've become involved with is kind of a partnership with Washoe County School District and Truckee Meadows Community College and what they term as student success specialists. Again, these provide funding for two years to pay for personnel that are called student success specialists. They assist credit-deficient Washoe County high school students to graduate and move on to TMCC and then to assist with obtaining internships for those students.

Also what Girish mentioned earlier was, the employment sectors that we focus on. One thing that has been developed with the Workforce Investment Board in the past couple of years is what are called sector councils. These sector councils are tasked with gathering information about what employers in those sectors need in terms of trained employees. What are the job skills gaps that they may have? And if they can identify specific gaps in the skills that, when they're looking for employees and they're saying we can't find anybody with X skill or X education, they can bring those concerns to the Council and then the Council goes before the Workforce Investment Board and explains that, here's what we found out, here's the training that is needed in these sectors. And that's the result of what you see up here. These are recently approved projects.

We call them pilot projects for customized training that these sectors have identified. And the items you see before you were recently approved. So we're still working out the implementation of these items and the contracts behind these items. I don't have a lot of information other than just what the initial approval was on these.

A couple that we're working on that we've received the most recent information on, are our under the information technology, the \$45,000 at the bottom of the screen there, the last bullet point, that talk about licensing and testing for getting the certificates in and then actually paying for the testing certificates for high school students, and it provides some teacher training as well for the Microsoft IT Academy. And these would operate \$5,000 per school within various school districts. I think there are four school districts identified right now.

The other one that we're working on currently and formulating contracts for was within the mining industry. This is a project whereby one of the mining companies has agreed to pay for equipment to the tune of about \$292,000 and the Department has agreed to provide \$308,000 over the course of three years, approximately \$100,000 in each year to pay for the professor at Great Basin College that would provide the electrical and instrumentation skills course work. And then those individuals obtaining that training would attend Great Basin College. So that gives you an idea of the recent pilot projects that have come out of those sector councils.

One of the other things that we paid for in recent years is a statewide contract with the ACT (American College Testing) group. They also provide -- it's not the ACT that you're thinking of to get into college, it's the skills assessment training or skills assessment tools and training tools that they offer. Work Keys is the skills assessment tool. And then Key Train is the online system that they can use to brush up their skills and to attain various levels within the Work Keys assessment system.

So we've provided a statewide license for folks to take these assessments and then, hopefully, also at whatever level they achieve, there are various levels. I don't think I can go into it because I don't think I can explain it to give them enough credit, but basically, there are different levels that people can achieve in these areas of assessment; math, information location, reading, soft skills assessment. So, different levels can be achieved and depending on what level in that assessment they achieve, they can go back then into Key Trade, brush up their skills and maybe reach a higher level.

Those have been offered really successfully through our Right Skills Now or our customized training model where it was used as a screening tool for those participants to make sure that they have those basic skills once they got into that training and into that employment that they would have a good foundation for the skills that they would need to succeed. We use it for regular candidate screening, when we are trying to screen for employers for perspective employees. And I know that there is some interest in using this college -- this ACT Work Keys assessment for incumbent workers. The Manufacturing Association really has a lot of faith in the National Career Readiness Certificates. These are the certificates that are issued based on the level that you achieve, the grade -- let's just call it the grade you achieve those levels that they are measuring.

The National Career Readiness Certificate is something that is recognized, can be recognized and it's portable. So whenever employers actually are looking for somebody with the certificate, that person who has achieved that certificate can take it to different employers to show that they have those basic skills. And that's something that we have also supported.

We've also had a relationship with the Department of Corrections over the past few years. In our JobConnect Offices, we have staff that assists with prisoner reentry anyway. We help those folks find employment and get back into the workforce.

However, we've also partnered with the Department of Corrections. They have a job readiness training and job placement service program for parolees and ex-offenders. And the hope is that folks can return to work and that we reduce the recidivism rate of folks returning to the corrections system. I don't know how much longer we're going to participate in that program, but I know that last year we had a contract with the Department of Corrections for \$510,000. I'm not sure if it's \$550,000 this year, but it's around that number.

The following is the last item in my presentation, and it's one that I particularly wanted to highlight. Over the past years, and I think since I've been the Administrator, one of the things I've heard people say is that, you know, there's the huge focus right now from the federal government on improper payments, and rightfully so. We want to pay the right people the right amounts when they are eligible for their benefits. So there's a huge focus there from the federal government and we share that focus.

But one of the things that has been said to me in the past is that part of the reason we see more fraud and maybe more improper payments is, that we've really kind of disconnected because we take all of our claims by phone or by Internet, we've kind of disconnected somebody sitting down in front of us and having to explain that they've done their work search every week or explained that, you know, it's harder to lie or commit fraud when somebody is sitting in front of you than over the phone possibly. So I think that disconnection has in many ways hurt our ability to prevent overpayments due to fraud or, I guess it's mostly due to fraud.

But anyway, that aside, I think one of the great things that we're seeing in the system right now is the desire to make those connections again. Reconnect more folks who are applying for benefits with our JobConnect offices where they talk to real people, and they receive direct services.

I saved this for last, because I really wanted to highlight it. We do receive funding from the federal government. It's unemployment insurance funding and it's called the Reemployment Assessment Program. So we have folks working in unemployment insurance to support this program and we have folks working out in our JobConnect and in our Workforce Investment support services units to support this program. We've combined that federal funding, the Reemployment Eligibility Assessment piece, with what we call the Reemployment Services Program and we are now funding that with CEP.

Just to give a quick background. We did used to get some federal money for the Reemployment Services Program, but for whatever reasons, we don't get those funds anymore. And we felt it was such a successful program that we wanted to maintain the partnership there with reemployment eligibility assessment and reemployment services, so we funded that with CEP, at least for this past year.

The program that Nevada has created is nationally recognized. It's been studied by universities and those studies have shown that it is a very effective program. We've presented how we operate the program at a national organization of state workforce agencies and I think that we have other states that have enquired about our program. So it's just something that I'm proud of and I think that we're going to see more and more states adopting our model and how we run it.

So I mentioned the federal Reemployment Eligibility Assessment program. What we've done is we randomly select folks from those who are UI claimants after one week of having received their benefits. Right now the pool of candidates is 12,500, I believe.

We select those candidates and then we require a mandatory in person interview with those folks. We review their eligibility for unemployment insurance. And then I think one of the keys is that then we combine that with our reemployment services. We provide them an individual employment plan, we help them with job search and referrals, and we help them with resume assistance, whatever they may need to overcome those barriers to employment, we can do that with the CEP program, including short-term skills development training.

The return on investment is actually really good. For every dollar that we have spent in implementing the program, we see four dollars saved in the Unemployment Insurance Trust Fund. So we deem that extremely successful from that perspective just saving employers' money in their contributions to the system.

The independent studies found that the folks who are participating in this program versus the people who don't come in for the mandatory interview, are 20 percent more likely than non-participants to be reemployed and reemployed sooner. So the number of weeks that we can return them to work before they exhaust their unemployment insurance benefits is kind of how we measure that savings to the trust fund. They also found that they earn more wages in the quarter after returning to work. So whether that means that through our referral and training services they receive a better job than they may have on their own, I think that might speak to that, but I think it's also just that we get them to work faster. I wanted to end on that note with my presentation and I'm open to questions.

Chairman Havas asked if there were any comments from Las Vegas, None at the moment. Mr. Havas asked for comments in the north.

Council member Danny Costella spoke: "Mr. Havas or Renee through the Chair; on the prison program, you said you might not be participating in that anymore. Is there a reason for that?" Renee Olson responded that she believes it's just a matter of that we're getting prepared for the next legislative session and looking at our budget. It's a matter of resources really and how we direct those resources. Mr. Costella asked if there is a successful rate of return on that or can Ms. Olson comment on that.

Renee Olson responded that she can provide that information to Danny, but she did not have it with her today, on the success rate of recidivism or anything. Mr. Costella accepted that. He was just wondering if there was a correlation between the success rate and whether you're going forward with the program or not. Ms. Olson answered that we look at our successes, who returns to work, who gets a job. So, when we're partnering with other agencies, they have a perspective on what their goals are, too. I think we share a goal that says that if we can return folks to work, they are less likely to return to the prison system. Mr. Costella agreed. Renee continued, if we take those two goals in mind and how we look at it, I think there are several measures there and I can provide you that information. Whether it's strictly a recidivism rate or whether it's a job -- obtaining a job and job retention rate, I would have to take a look at and see what our contract allows for. Mr. Costella thanked Ms. Olson.

Council member Michelle Carranza out of Las Vegas had a question. When someone goes through the CEP program, is there a length of time they are required to remain employed? Are they able to, you know, if they lose that job or if something happens to that job, do they go back through the CEP program? How does that sort of work?

Mr. Girish Pandit identified himself and responded to Michelle. Normally, if there is no fault of theirs and the employer has just decided it's not a good match, then we don't hold them accountable for it, but if someone walks off the job for whatever reason they may have, then we may have to have a discussion with that individual to know their exact reason why that happened. Given that, in a state where it is at-will, they work at the pleasure of the employer. We don't necessarily mandate how long they should be in that employment. Does that answer your question? Michelle said that a person can go through the program -- well, so they can go through the program multiple times. Mr. Pandit responded with a yes.

In probably a five-year time span, they should at least have a job for a year, year and a half or two years. And then they can come back if, you know they are let go because of the economy or some other reason.

Council member Margaret Wittenberg mentioned that in view of the apparent success of the reemployment service and the consideration that you may be reducing the prison reentry, do you ever reallocate funds? For instance, moving any from the prison reentry into the other program?

biennium, we're looking at what resources do we have available, what do we think we're going to have available and the next biennium will be State Fiscal Year '16 and '17. And we look at what resources are available and what's sustainable. I would personally look at what's the most successful program and want to continue that. And one of the priorities that I have is to expand that program if possible.

So, we'll be taking a look at the resources that we have and if possible we run that, though, in conjunction with the federal programs. A lot depends on how much funding we get from the federal program to balance out how we fund that staff and how we manage those interviews. I would love to expand that program. I think it would be a great expansion. But again, like I said, we're taking a look now at what resources we think we're going to have available for those years.

VI. REVIEW OF PROPOSED REGULATION AMENDMENT FOR CAREER ENHANCEMENT PROGRAM (CEP) VETERANS AND SENIOR CITIZENS SMALL BUSINESS LOAN PROGRAM

A. Explanation of Regulation.

Ms. Olson continued with an explanation of the Regulation. One of the programs that was created some three sessions back was called the Veterans and Seniors Small Business Loan Program. The purpose of that program was to provide entrepreneurial opportunities for folks to open their own businesses.

Over the course of the years, there was a regulation established and after the establishment of those regulations, if I'm correct in my understanding, is that we offered the program at two different times, which was a request for a proposal process. We offered out there for interested nonprofit entities to come and to make a bid on the program in general.

This is another program also. I'll just mention really quickly that we will have to consider in our prioritizing, our resources as we go forward. So some of this depends on how much we are able to afford to dedicate to the program, but that aside, what we found was that we received no responses to our RFP's. We looked at what was the cause of that non-response? Are there just not enough nonprofit entities that provide financial services like loan program out there to respond?

Was it the regulations possibly that were making the program not effective? So we took a look at the regulations. And what we're really looking to do is look at the regulations as they stand, see what may be impeding the program from working in terms of what our regulations say. I've made a few suggestions, and that's the draft that you have in front of you now. I can go over some of the changes that I've identified that may make the program work. And I guess that's the nuts and bolts of it. If we can't get anybody to bid on the program, it's not working. So we're trying to make the program work. Or see if there is anything we can do better to make it work.

I'll just go through the regulations in general terms. It starts out by stating what the qualifications would be of the nonprofit to receive the grants. We would be issuing a grant of money to a nonprofit and the regulation outlines what they need to have. They need to have a certain amount of experience in providing a loan program or a financial program. It outlines what is required in the application for the grants, conditions and approval of the loans. So that spells out the amount of the loans that could be approved for the applicants for the loans. Once the grant is given to the nonprofit, the people come into the nonprofit to apply for the loans. How that works, it provides a section to appeal the loan decision. And then it goes into how loans are repaid, the interest that would be collected on the loans and reimbursement to the nonprofits for administrative costs in offering the loan program.

So a couple of the changes that I suggested -- and I've got some questions for you to consider, as well, and it kind of goes along a little bit with the changes that I've suggested, too. My initial thought was that \$5,000 to start a company or a business is really not something that's going to provide much in the way of somebody being able to open a business. So I thought the amounts were too low. I proposed increasing the amount of the loan maximum to \$15,000 or, with the approval of the administrator, the limit could be increased to \$20,000.

The first question is how much should the maximum loan amount be? Even at those levels, at \$15,000 or \$20,000, if a business needs equipment or any kind of payroll start up costs or anything like that, I would think that in terms of looking for small business loans, we're talking more in the lines of \$50,000, but considering the resources in the program, how much we could put into the program, I don't know that we can offer \$50,000 loans to people.

Council member Danny Costella asked whether the program would not be used as a surplus buildup or is that just reallocated, or how does that work? Ms. Olson asked if he meant in the resources, how we have identified the resources available. Mr. Costella said yes, like now, because it has not been used, could you increase it up higher now because of lack of use of the funds? Are they increasing or are they just gone somewhere else? Ms. Olson thinks that we have applied the funds to other initiatives that we have had. We are really looking at what we can afford going forward in terms of our overall resources. So that is one question to consider, the maximum loan amount.

Mr. Havas asked how we would plan to get the word out on this process. Ms. Olson said that public open meetings like this one would be great to get the word out to possible nonprofit entities. You know, we can do some research on our own I guess, and look online and see if we can identify anybody. Maybe we can identify some nonprofits that might be interested and we can just get the word out there that this would become available once we get the regulations figured out and set, we would have a means to put it out on our website to identify what companies we can and just let folks know that the opportunity is out there and we're really looking for nonprofit entities out there that would be interested. So again, please consider the amount that I am suggesting in the regulation. Those are maximums that are listed in the regulation, just for clarification.

There is some kind of housekeeping cleanup language that I suggested in the regulation. Under 612.679 Item Number 2, the language in the regulation really went into talking about the third degree of consanguinity or affinity, and those are really terms that are captured in the ethics laws in the State of Nevada. So I thought for ease just to reference those laws directly, because those sections are very well outlined within 281(a).065. So, that's really just a cleanup piece there to refer to that law instead of trying to reiterate the law in our own regulation.

And the next item that I just clarified some language in 612.683 that states -- it used to state, a loan which is not repaid in full by the end of the first year is subject to an interest rate of five percent. I added just what I thought was a clarifying language at the beginning of the second year of the loan, a loan which is not repaid just to be perfectly clear at what point that interest started accruing. And then some language at the end of that to say on the outstanding balance of the loan until paid in full. I have just enough -- a little bit of banking experience in my background to think those words were necessary.

Another question that was posed to me that I didn't consider when I was looking at amending the regulations was, whether there is an appeals process necessary with the loan program? We do have a piece in here in the regulation about appealing the denial of an application for a loan. If you have any input in that regard, that would be something that would interest me. But I think these regulations were developed with some folks that had some experience in a loan program.

Another question is, is five percent simple interest, is that appropriate or should it be something else? Should it be a variable rate, should it be prime plus a certain interest rate? Those are some things that maybe the Council would like to consider. And again, that's an area of lending that I think, from a perspective of offering public money for something of this nature, we were trying to keep the interest rate at a level that would make the borrower interested in participating and give them a way to participate at maybe a level that they wouldn't necessarily have to go to a bank; to participate at that level. The banks usually offer kind of a prime plus an interest rate type situation. So I think that was the idea behind a simple interest rate of five percent. It kept the cost low for the borrowers as well.

The other change that I suggested in the regulation was on Page 3, I think you have before you, continuing with that section, 683 -- 612.683 to add an item under Number 2, that the interest collected in excess of the costs necessary for administration of loans must be used to issue additional loans. The idea of a loan program is, that as you bring money back in with the loan repayments that you continue to make new loans along the way. So there's that suggestion.

And then down at 612.685, I think this clarifies how interest can be used and accrued and used by the nonprofit. I would like the Council to consider whether these changes make it too restrictive. We have to have a nonprofit that wants to participate. We have to make it worth their participation, and at the same time, we have to make it available to the public to come in and ask for a loan. So, this section really restricts their amount of administrative funding that they can have to 10 percent of the total grant amount. And I would like to know if the Council thinks that's too restrictive.

So with that, those are the changes I've suggested, and like I said, this is a draft. I am looking for comments, I'm looking for input on that regulation. Other changes that you may see that I haven't addressed that might be helpful, I would really appreciate that input as well.

Should the Administrator be involved in loan forgiveness or should that be a policy of the nonprofit entity that the Administrator approves; but the Administrator doesn't get involved in each forgiveness of each loan. Is it just is a policy of the company? That's another piece of the regulation that maybe should be considered. And I can provide these questions in writing to all the Council members as well, and then I would request input from everyone. So those are some of the things I thought about as I was putting this together. Does anybody have any questions at this point?

Council member Katie Johnson, DETR Board of Review asked: what size nonprofits are you talking about? Are you talking, like, the SPCA or are you talking a mom and pop organization that rescues various entities and there's, like, 20 volunteers and there is no real overhead because we don't have -- or they don't have the money?

Administrator Renee Olson responded: I don't know, but I would say that they have to -- as far as the regulations go, they have to have three years of experience at least in operating a loan program or providing financial services to the public. You know, like I said at the beginning, we've had a hard time identifying anybody to invite to look at the RFP, I guess I would have to look at the regulation, look at the qualifications that are set forth in the regulation. You know that they do need to have some experience, especially dealing with the public when you're talking about a loan program. They really need to have some experience in how they deal with delinquencies on those loans, what is the delinquency rate on a startup business loan program? I really don't know, but I would look for each of those applicants to understand and be able to answer all those questions and have a way to manage all those different aspects of the loan program.

Council member Paul Barton said, just a comment that comes to mind. I don't think you're looking for an entity that would deal with small businesses that would have the ability to loan to a small business to get going. That's not, in my mind, that's a pretty specific type of entity. The \$15,000 limit, I think we all can agree, is not going to start a business in today's times. It may be a good supplement to get them by a first few months of payroll or something like that.

Let me make just a couple of comments to what you said. The interest rate thing is something that's always bothered me with state entities setting a pat interest rate of five percent. That can become obsolete very, very quickly. Could become obsolete next month if the feds break out with, you know, float the interest.

So I think the interest rate needs to be tied to something so it can fluctuate with the market. And five percent interest right now may not be the best interest out there. It may be too high. But you don't want it too low either because then people will not pay the money back because it's cheaper to pay the interest on it. So just a thought along those lines of -- as far as the mechanics of what I think you're trying to do.

Administrator Renee Olson thanked Paul Barton and said that those are good thoughts. I think you're right about the flexibility there, to be able to react to the economy and to whatever terms are being offered out there elsewhere. I think that's a really good point. I don't know if we should think about this as it's not just their sole source of funding for a start up business, but maybe a supplement to other funding they may receive. So whereas, maybe 15 or 20 or 30, whatever amount that we figure out works and that will allow us to put more loans out on the street as well because, as we increase the amount of the loan, we're going to have to figure out how much overall we can offer in this program in terms of what resources we have available.

So if the loan is \$100,000, that means, depending on how much I can get out there for the program, but it could mean five loans if I can afford \$500,000. If I can only afford \$200,000, that's two loans, those were thoughts going through my mind as well. How many -- do we provide smaller loans to as a supplement to maybe some other funding that they may be receiving to start up their businesses? But maybe not -- it can't be the whole amount for them out there. I don't know. It's a really complicated issue.

Chairman Havas spoke and said that this is directed to Renee Olson, Administrator. The identification and focus of those interested nonprofits or interested groups. The methodology in arriving at that and then the operational definition to implement this, I'd be interested in hearing from you, Renee.

Ms. Olson responded: In other words, once we kind of figure out our plan of attack there, we let you know what we're doing? Sure. No problem.

B. Public Comment.

At this point, Chairman Havas said that they should open it up for public comment. Anything from the South? Hearing none, how about the North?

C. Council Discussion.

Discussion went on throughout this part of the meeting, as noted above.

VII. MISCELLANEOUS ITEMS

Are there any other miscellaneous items Renee that you want to bring up at this time?

Ms. Olson said that she had nothing specific at this time. She would just encourage the Council to provide her with any comments or suggestions they might have. There will be a comment period. I can kind of tell you a little bit about the schedule coming up. We will be having a Small Business workshop, July 15.

And then, we will have the Hearing to Adopt the Regulation on August 12. There will be more opportunity for input into this process for sure. I appreciate any comments or suggestions that you might have and we can go from there. I think that there will be a comment period that we will publish by when we need to receive those comments. And I know we will be developing a Small Business impact statement in regard to how these regulations are being changed. So I guess with that, that's all I've got for today and I appreciate your time. Thank you very much.

VIII. CLOSING PUBLIC COMMENT

At this point I like to invite public comment from Las Vegas as well as the North. No comments are received.

IX. ADJOURNMENT

Chairman Havas thanked Renee Olson for her presentations today.

Mr. Havas asked for a motion to adjourn. Council member Danny Costella made the motion, which was seconded by Council member Katie Johnson. All members responded with "Aye" and Mr. Havas announced that the meeting is now adjourned.
