

**STATE OF NEVADA  
EMPLOYMENT SECURITY DIVISION  
Workshop for Career Enhancement Program (CEP) Veterans and Senior Citizens Small  
Business Loan Program**

Tuesday, July 15, 2014; 10:00 A.M.

**Live Meeting:**

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

**Video Conference to:**

The 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](http://www.leg.state.nv.us)

**Department of Employment, Training and Rehabilitation (DETR) Staff**

**Present in Carson City**

Renee Olson, Employment Security Division (ESD) Administrator  
J. Thomas Susich, Senior Legal Counsel, ESD/DETR  
Dave Schmidt, Bureau of Research & Analysis, DETR  
Grant Nielson, Chief, WISS/ESD/DETR  
Christina Guzman, Administrative Office, ESD/DETR  
Andy Chao, ESD/DETR  
Mikki Reed, ESD/DETR

**Present in Las Vegas**

Latonya Wells, ESD/DETR

**Members of the Public, Media and Other Agencies**

**Present in Carson City and Las Vegas**

None

**Exhibits**

Exhibit A - Agenda for the Workshop

Exhibit B - Proposed Amendment to Regulation

Exhibit C - Determination of Impact to Small Businesses

## **I. CALL TO ORDER AND WELCOME**

Renee Olson opened the meeting by introducing herself.

Good morning. I'd like to call this meeting to order. My name is Renee Olson, and I serve as the Administrator of the Employment Security Division. Sitting to my right, I'd like to introduce Tom Susich, Senior Legal Counsel for the Employment Security Division. This workshop is being conducted in compliance with Nevada Revised Statutes, Section 233B.0608 to solicit public comment on a proposed amendment to the regulation governing the program to disburse grants to nonprofit private entities for the purpose of making startup business loans to veterans and senior citizens contained in Nevada Administrative Code 612.677.

Ms. Guzman, for the record, was proper notice for this meeting given in accordance with Nevada Revised Statute 233.061? Christina Guzman, Management Analyst to the Administrator answered that proper notice was given. There were no written comments received by our office in response to this posting.

Administrator Olson thanked Christina and with that she moved on to the next item on the agenda.

## **II. PUBLIC COMMENT**

Ms. Olson went on to say that if there's anyone who'd like to provide comment, I'll ask you to make your way to the microphone. Please start by identifying yourself and whom you represent for the record. Please limit your comments to five minutes each, and if you have any written testimony to present you can provide that to staff. We'll start with Las Vegas. Is there anyone in Las Vegas who would like to provide public comment? Seeing none, we'll move to Carson City, and I don't see anyone in Carson City, either, that is here to provide public comment.

## **IV. Workshop to consider proposed Regulation** **Item III, IV and IVA will be combined in this section** **(Exhibit B )**

So with that, we'll move to Agenda Item IV, The Workshop to Consider the Proposed Regulation, and with Item IV I'm going to be combining Agenda Item III with IV A, Explanation of the Regulation.

As part of the regulatory process, a meeting of the Employment Security Council was held along with a regulation workshop on May 27, 2014. The Council was provided a general overview and history of the Career Enhancement Program, otherwise referred to as the CEP program. Specific information regarding the current uses of CEP funding and the programs being administered which are funded by CEP, was also provided and an explanation of the changes being proposed

to the regulation that we're considering today which govern the program to grant funds for startup business loans for veterans and seniors.

The amendment to the regulation changes the regulation in the following areas. Section 1 adds the stipulation that the Administrator may recover CEP funding not expended according to the terms under which the grant was awarded. This clarifies the Division's authority to recover public funds if not handled properly. Section 2 increased the maximum loan amount. Number 2, it adds language to update the restrictions on loans to certain applicant relationships. This language was changed during drafting and now mirrors the current language in the ethics statutes in NRS 281A.065, and this is a change from the Agency draft of the regulation that simply referred this piece of the regulation to NRS 281A.065.

Section 3 clarifies how interest is applied to outstanding loan balances after the end of the first year. It changes the rate from a fixed 5% to a variable rate at prime, plus 2.5% maximum. Also note that the additional language was added during final drafting of the regulation that expands from the original draft prepared by the Agency to more fully describe how and when prime rate shall be established under the variable rate requirement. And this section also establishes that the Administrator may require the interest collected in excess of administrative costs for the nonprofit private entity should be used for issuing additional loans.

Section 4 states that, if the interest collected is insufficient to pay administrative costs, that the nonprofit entity can use up to 10% of the grant amount for administrative expenses. The Division believes these changes will allow the program to serve more seniors and veterans to start their businesses and to make the program more viable for nonprofit organizations to administer.

And with that, we'll move on to Agenda Item IV B, Review of the Determination of Impact to Small Businesses, and for that I'd like to introduce Mr. David Schmidt, who will explain his evaluation and conclusions regarding the impact this regulation would have on small businesses.

**IV. B. Review Determination of Impact to Small businesses per NRS 233B.0608 pursuant to Subsection 3, - Exhibit C**

David Schmidt, Economist, Research and Analysis Bureau, DETR

Mr. Schmidt introduced himself. For the record, my name is David Schmidt. I'm an Economist with the Research and Analysis Bureau within DETR. According to the Nevada Administrative Procedure Act, prior to conducting the workshop to consider regulation, the Agency must make a concerted effort to determine whether the proposed regulation is likely to have a negative impact on small business. Therefore, primary factors to consider: whether the regulation will have a direct and significant economic burden on small businesses, whether the proposed regulation will directly restrict the formation, operation, or expansion of small business.

After looking at the regulation, the regulation does not increase any existing fees. The CEP rate will remain at 0.05%. There's no change in the regulation there. There are no restrictions on any small businesses, with the potential exception of any small business that might be a nonprofit lender that could choose to voluntarily participate with the Agency to administer the loans that

are described in this regulation, so there is no restriction on the formation of any small businesses.

There is no restriction on the operation of small businesses in general, and there is no restriction of the expansion of any small businesses. Therefore, there does not appear to be any negative impact to small businesses, and the statement that says as much, was included with the Agenda and conducted prior to the workshop. And that concludes my remarks.

Ms. Olson thanked Dave Schmidt.

**IV. C. Miscellaneous Items**

Renee Olson, Administrator, ESD,DETR

I'd just like to mention here that the Hearing to Adopt the Regulation, will be held on August 12<sup>th</sup> at 10:00 a.m. Please refer to the DETR website bulletin board at the bottom of the page for more information on location. And so we move on to Agenda Item V, our Final Opportunity for Public Comment.

**V. Closing Public Comment**

Again, I would invite people to come to the microphone if they would like to provide public comment. And I don't see anyone in Carson City coming forward. Is there anyone in Las Vegas? Okay. It looks like there's no one in Las Vegas, either, so that concludes public comment.

**VI. Adjournment**

And with that, Ms. Olson moved to adjourn the meeting. Thank you, everyone. Meeting is adjourned.

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