

SPENDING AND GOVERNMENT EFFICENCY COMMISSION

(SAGE Commission)

Thursday, June 26, 2008 - 1:30 p.m.

Media Room, Capitol Annex

101 North Carson Street, Carson City, Nevada

MINUTES OF MEETING

Present: Bruce James (Chairperson), Don Ahern, Barbara Smith Campbell, Robert Forbuss, David Goldwater, Stephen Greathouse, Steven Hill, Jan Jones, Howard Putnam, Jerome Snyder, Jim Thornton, Carole Villardo

Absent: Robert Feldman, Randy Garcia

Also present: Suzanne Kilgore (General Manager), Frank Partlow (Executive Director), John Perry Comeaux (Deputy Director), Patty Cafferata, (Commission on Ethics Executive Director), George Taylor (Senior Deputy Attorney General), and Pamela Fox (to take Minutes)

Special Guest

Speaker: Governor Jim Gibbons

[Governor Gibbons addressed the Commission before the meeting was called to order. He thanked everyone in attendance for volunteering on the SAGE Commission. He commented on the importance of improving government and spending efficiency given the current budget shortfall. He stated he expected short-term solutions with long-term goals from the Commission. He explained he chose Bruce James to Chair the Commission based on his previous experience with turning around a federal agency into a profit-producing governmental agency.]

I. CALL TO ORDER/ROLL CALL

Chairperson James called the meeting to order at 1:45 p.m., with a quorum of twelve Commission members present.

II. WELCOME/INTRODUCTION OF STAFF

Chairperson James welcomed Commission members. He introduced the following staff members: Executive Director Frank Partlow; Deputy Director John Perry Comeaux; and General Manager Suzanne Kilgore.

III. SELF INTRODUCTIONS OF COMMISSION MEMBERS

Commission members introduced themselves by providing brief personal and professional bio sketches and stating what they hoped to accomplish with the Commission. Upon conclusion of introductions, Chairperson James explained the Commission would follow the Nevada Open Meeting Law.

IV. VIDEO ADDRESS TO COMMISSION BY GOVERNOR GIBBONS

This item was heard before the meeting was called to order. (See above)

V. BRIEFING/DISCUSSION ON CONFLICT OF INTEREST

Frank Partlow introduced Patty Cafferata, Executive Director Nevada Commission on Ethics. Ms. Cafferata began by stating the Commission was not governed by the Ethics Law or the Open Meeting Law. She explained the difference between business ethics and government ethics. She distributed and reviewed the booklet entitled "Ethics in Government Guide".

Chairperson James thanked Ms. Cafferata for her presentation and stated the Commission's rule would be to disclose conflicts of interest.

VI. BRIEFING/DISCUSSION ON OPEN MEETING LAW

Frank Partlow introduced George Taylor, Senior Deputy Attorney General. Mr. Taylor distributed and reviewed information regarding the Open Meeting Law. He pointed out a public body meeting could only take action when a quorum was present. As long as the public can hear both sides of a conversation, Nevada Open Meeting Law allowed for Committee or Board members to attend meetings in person or via tele-conference. He cautioned the Commission to conduct meetings at the very highest level of ethics and other requirements of the law. The first statute of the Open Meeting Law was that all deliberations and action should be taken in the open.

Chairperson James asked about the use of websites. Mr. Taylor reported public bodies that maintain websites were obligated to post their agendas on their website. Other uses of websites were reviewed.

Commission member Villardo requested to know if she would be in violation of the law if she discussed an issue with two or three Commission members outside of a meeting. Mr. Taylor replied there would not be a violation as long as less than a quorum was present during the discussion.

Commission member Forbuss asked if a majority of Commission members was still needed to move a motion forward if a certain number of Commission members abstained from voting due to conflicts of interest. Mr. Taylor replied he will research the matter and report back to the Commission. Commission member Forbuss asked if Commission members gathered for a social situation would be considered a quorum. Mr. Taylor reported there was an exemption in the Open Meeting Law regarding social situations.

Commission member Campbell cautioned Commission members about replying to all commission members in an e-mail and explained how this may create violation of the Open Meeting Law.

In response to comments made regarding sub-groups, Mr. Taylor suggested sub-groups formed by the Commission follow the Open Meeting Law.

VII. REPORT/DISCUSSION ON STATUS OF 2001 GUINN STEERING COMMITTEE FINAL RECOMMENDATIONS

Frank Partlow distributed information regarding the 2001 Guinn Steering Committee. He pointed out the Steering Committee report did not address cost factors and that only one-half to two-thirds of the sixty-five recommendations made by the Steering Committee were implemented. A brief discussion followed regarding why recommendations were not implemented. Mr. Partlow explained how the SAGE Commission could be more efficient by looking at the best practices of all areas of government.

At 2:50 p.m., a short break was announced. At 3:05 p.m., the meeting resumed.

VIII. PRESENTATION/DISCUSSION AND POSSIBLE ACTION ON CONCEPT OF HORIZONTAL, VERTICAL, AND DIAGONAL BEST PRACTICE EVALUATIONS FOR FURTHER STUDY

With a PowerPoint© presentation, Commission member Goldwater reviewed information provided to the Commission regarding the Nevada budget process. He explained there were four stages to the budget process: 1) Executive preparation; 2) Legislative review and adoption; 3) implementation; and, 4) final review.

Chairperson James requested clarification that an adjusted base budget was used for the budget process. Commission member Goldwater clarified that was correct. He reported a basic outline of the budget was due by October 15th. A final budget for review and adoption by the Legislature must be submitted by the Governor fourteen days prior to the start of the new Legislative session. Nevada is one of thirteen western states that do not have a line item veto and the Governor does not have a pocket veto. He reported the statewide cost allocation program was used to account for centralized support. Discussion followed regarding how the statewide cost allocation program was implemented and reviewed by the Legislature and an example was used regarding the motor pool. Commission member Goldwater provided background on the economic forum. He summarized by explaining how the budget process went through a rigorous system of checks and balances and that the goal is to provide the most effective service to taxpayers for the least cost.

A question was asked regarding if there were incentives for department heads to cut their budgets. Commission member Goldwater replied there was some award for merit pay and saving the State money during the Legislative session, but other than that there was not much incentive.

Chairperson James requested to know if funding left over from the previous year would be returned to the General Fund the following year if not used. Mr. Comeaux stated that was true. Discussion was heard regarding reversion.

Commission member Jones suggested reviewing revenue due to the fact that there were federal grants that were not being applied for.

Commission member Putnam requested to know if there was another state that could be used as a model. Mr. Comeaux reported there were states that were better than others, but there was no state organization that was perfect.

Commission member Jones stated the Commission would need to factor in the fact that Nevada was unique for not having a stable revenue source.

IX. BRIEFING/DISCUSSION ON CURRENT HORIZONTAL AND VERTICAL COSTS OF STATE GOVERNMENT ACTIVITIES/POSSIBLE SELECTION BY THE COMMISSION OF ONE OR MORE HORIZONTAL OR VERTICAL COST CENTERS FOR ANALYSIS BY STAFF

With a PowerPoint© presentation, Frank Partlow provided an example of horizontal costs of government. He suggested reviewing the IT area because it was mentioned in the Guinn Steering Committee report, but was never implemented. The Commission should also review adding services without increasing costs to taxpayers. Discussion followed regarding review of the IT department. Mr. Comeaux reviewed the Summary of Appropriations and Authorizations for Fiscal year 2008-09.

Commission member Greathouse requested to know the difference between an appropriation and an authorization. Mr. Comeaux reported an appropriation was actual money that was deposited from the State general fund. Authorization was permission to accept revenue from another source. Mr. Comeaux reviewed the ten departments with the largest general fund appropriations, the largest authorizations and the largest total budgets.

Commission member Vilardo pointed out the Commission's first priority should be the general fund agencies because of the Nevada Department of Transportation (NDOT). Mr. Comeaux pointed out NDOT does not get reviewed because it was not part of the general fund.

Commission member Campbell asked if authorization funds could be moved or if the source of those funds were restricted. Mr. Comeaux reported authorization funds were restricted. He reported Nevada's budget system was restrictive in that any proposed change in a department's budget had to be reviewed by the Legislative Interim Finance Committee if the amount exceeded ten percent of the department's budget or \$25,000. Nevada budgets at the object of expenditure which means salaries and various components of salaries were budgeted.

It was discussed that the Commission should review specific programs and their relevance within the State; to identify and sort entities of government by their function and what they were trying to accomplish to look for duplications; and to review how State and Federal agencies overlap and State and local agencies overlap.

Chairperson James explained how the Commission should develop a mechanism for evaluation.

Mr. Comeaux suggested the Commission begin by reviewing the Health and Human Services Department and NDOT.

Commission member Campbell asked if the Commission had the same sensitivity to revenue in authorizations as in the general fund. Discussion followed. Chairperson James suggested the Commission stay focused on the general fund at the present time and to review authorizations at a later date.

The Commission discussed the pros and cons of beginning by reviewing Information Technology (IT).

Barbara Campbell moved the Commission investigate Information Technology (IT) at the \$44 million level and attempt to pull in the agency's component to review the State's take on IT. Carole Vilardo seconded the Motion. Motion carried unanimously.

Howard Putnam volunteered to be the Commission Liaison to the IT Task Force.

Mr. Comeaux reported the Commission should review the following divisions of Health and Human Services: Child and Family Services; Aging; Health Care Financing and Policy; Welfare; and Mental Health. It was discussed and decided to review the overall agency before picking out specific divisions to review.

Commission member Jones suggested reviewing the recommendations made by the Guinn Steering Committee.

Chairperson James suggested at the next meeting Commission members think about and discuss specific recommendations to make in the first 90-day report due on September 30, 2008.

X. REVIEW AND DISCUSSION OF SAGE ORGANIZATION, STAFF OPERATIONS AND BUDGET

The operating budget for the SAGE Organization was provided in the Commissioner's packets. There were no questions or concerns presented regarding the budget.

XI. DISCUSSION AND POSSIBLE ACTION ON COMMISSION MEETING FREQUENCY, DATES AND LOCATIONS, INCLUDING ROTATION BETWEEN CARSON CITY, RENO AND LAS VEGAS

It was discussed and decided that the July meeting would be held in Las Vegas and that meetings would begin at approximately 10:00 a.m. to approximately 3:00 p.m. The meeting schedule was adopted as presented.

Chairperson James reported he planned to invite the four Legislative Leaders to the next meeting to begin to build a dialogue with them. It was discussed and decided to change the August date to Tuesday August 19, 2008 to meet with former Governors at the University of Reno campus.

XII. PUBLIC COMMENT AND DISCUSSION (Time Limit: three (3) minutes per person. No action may be taken on a matter raised under this agenda item until the matter itself has been specifically included on an agenda as an item on which action will be taken.)

Jan Gilbert, Progressive Alliance in Nevada, urged the Commission to hold meetings via tele-conferencing. She noted that Health and Human Services was not a profit type of agency.

XIII. ADJOURNMENT

There being no further business, the meeting adjourned at 5:00 p.m.