

SPENDING AND GOVERNMENT EFFICIENCY COMMISSION

(SAGE Commission)

Thursday, December 4, 2008 – 10:00 a.m.

Grant Sawyer Office Building – Suite 1100

555 East Washington Avenue, Las Vegas, Nevada

MINUTES OF MEETING

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

Absent: none

Also present: Frank Partlow (Executive Director), Perry Comeaux (Deputy Director), Suzanne Kilgore (General Manager)

I. CALL TO ORDER/ROLL CALL/DETERMINATION OF QUORUM

Chairperson James called the meeting to order at 10:10 a.m. Roll call was heard and a quorum of fourteen Commission members was determined.

II. APPROVAL OF MINUTES FROM OCTOBER 24, 2008 MEETING

Carole Vilardo moved to approve the October 24, 2008 meeting minutes. Randy Garcia seconded the Motion. Motion carried unanimously.

Chairperson James announced Governor Gibbons may be in attendance at the January meeting to provide an update on Commission recommendations submitted thus far.

III. REVIEW AND POSSIBLE APPROVAL OF PROPOSALS TO BE INCLUDED IN SECOND 90-DAY REPORT TO THE GOVERNOR SCHEDULED FOR DELIVERY BY DECEMBER 31, 2008

Chairperson James commented that the October 24, 2008 meeting held in Reno was well attended and that a variety of views had been heard on the proposals. He suggested proposals be discussed in a similar fashion at today's meeting whereby proposals are reviewed followed by public comment with a vote on all proposals at the end of discussion of agenda item III except for those proposals Commission members feel should be pulled for a separate vote.

The Commission reviewed and discussion Proposals A through K as follows:

- Regarding Proposal A - Commission members expressed their appreciation for the time and effort put forth in developing proposals. Discussion followed regarding comparing state employee benefits to those of businesses of comparable size in the private sector within the state and with a cross-section to other states; to adjust rates according to life expectancy rates; and how best to submit a proposal to that effect.

- Regarding Proposal B - The Commission discussed changing the word “burden” to “obligation”; to replace the super majority vote requirement with the wording “. . . actuarially fully funded for 3 years”; and, to establish a minimum retirement age other than 60 years of age that would track Social Security.

Russell McAllister stated he was with the Professional Firefighters of Nevada and was also a member of the Police/Fire Advisory Committee for PERS. He reported PERS completed a study years ago that determined a separate Police/Fire fund was needed because there was a desire for a more youthful and vigorous work force in those respective professions, but the fund would be eliminated with the implementation of Proposal B. It was noted emergency services would be the exception to the proposal.

Ron Dreher stated he retired as a Homicide Detective at the age of 50 and represents approximately thirty-eight professional police associations. He agreed with Mr. McAllister’s comments that more youthful individuals were desired as emergency service personnel and that their current PERS system was designed to allow retired public safety personnel the opportunity to enjoy retirement longer.

The Commission decided to make an exception to items 4 and 5 in Proposal B for emergency service personnel.

At 12:25 p.m., Chairperson James called for a lunch break. At 12:50 p.m., the meeting resumed.

- Regarding Proposal C - Discussion was heard explaining Proposal C would establish a fixed subsidy for retirees between the time of retirement and until individuals reach the age of 65 to be eligible for Medicare. Chairperson James questioned why Medicare was not offered upon retirement and why the state should pay subsidies for their employees when subsidies were not offered in the private sector. Commissioner Garcia noted subsidies were not offered in the private sector because businesses were not sustainable. Discussion was heard about recommending Proposal C without subsidies.
- Regarding Proposal D – Commissioner Hill requested that the Commission consider a change to the 2.67 multiplier for currently retired employees. Chairperson James stated the Commission would not address that issue as it was settled law.
- Regarding Proposal E - Chairperson James summarized that Proposal E regarded having more revenue-producing employees rather than contracting the SUR program out to a private company. The Commission discussed contracting out collection of data mining information to be paid for on a percentage basis of revenue reimbursed.
- Regarding Proposal F - Commissioner Vilaro suggested stronger introductory language that the State would no longer be involved with the program unless debt-related. Commissioner Campbell suggested including language that renters would be eliminated from the program. Deputy Director Comeaux explained renters were included because a portion of their rent went to pay for property taxes.
- Regarding Proposal G – Commissioner Jones encouraged support for the proposal to help reduce duplication.
- Regarding Proposals I and J – The Commission requested to review these proposals when more of a strategy was in place on how to implement the proposals.
- Regarding Proposal H – Commissioner Vilaro suggested changing “costs” in the first sentence of the last paragraph to “actual costs” and to use the IRS definition of “actual”. The Commission discussed including a two-year review of fees in the proposal.
- Regarding Proposal K – The Commission discussed Proposal K would request that the 2009 Legislature direct an inventory be taken of state-owned property including water rights in order to move forward on the recommendation.

The Commission noted Proposal A would not be voted on due to the re-write that was requested for that proposal. The Commission discussed voting on Proposals B through K individually rather than as a consent agenda.

Regarding Proposal B, Martin Bibb, Retired Public Employees of Nevada, suggested the Commission request a 4-year Legislative study on the PERS system. He also stated, for the record, that they agree that Nevada contribution rates were high among all states, but that the total compensation package was lower than most states, according to the Las Vegas Chamber of Commerce study.

Ron Dreher, Police Officers Research Association of Nevada, stressed the importance of having a public employee on the Commission to gain a better understanding of State employees. He commented that public employees must be recruited with benefits because, if subsidies were not provided, retirees would resort to Welfare which would cost the State more money.

Jerome Snyder moved to adopt Proposal B with the requested changes discussed during today's meeting. Howard Putnam seconded the Motion. Motion carried unanimously.

Regarding Proposal C, Candace Kant stated she was a History Teacher at the College of Southern Nevada for the past thirty-two years and retired this past August. She expressed her opposition to the reduction of state subsidies for retirees.

Marty Bibb, Retired Public Employees of Nevada, commented that the hardest time for retirees, from a health care standpoint, was between the time of retirement and Medicare eligibility and that an increase in the multiplier would increase the number of years that employees work.

Shari Lyman, Nevada Faculty Alliance, College of Southern Nevada, stated there was concern about recruiting and retaining quality educators. She commented that a reduction in subsidies would hurt a significant number of current retirees and that individuals retired based on subsidies that were offered.

The Commission discussed and decided not to vote on Proposal C until it was better clarified.

Regarding Proposal D, Ron Dreher, Police Officers Research Association of Nevada, cautioned the Commission about stopping funding after three years. Commissioner Vilardo suggested including that the plan would be funded when it was actuarially sound.

A motion was duly made, seconded and carried unanimously to adopt Proposal D with the requested changes discussed at today's meeting.

It was noted Proposals E, I, and J would not be voted on.

Jan Jones moved to adopt Proposal F with the requested changes discussed at today's meeting. Stephen Greathouse seconded the Motion. Motion carried unanimously.

Barbara Smith Campbell moved to adopt Proposal G. David Goldwater seconded the motion. Motion carried unanimously.

A motion was duly made, seconded and carried unanimously to adopt Proposal H with the requested changes discussed at today's meeting.

Jim Thornton moved to adopt Proposal K with noted changes as discussed earlier in the meeting. Jan Jones seconded the Motion. Motion carried unanimously.

IV. REVIEW OF TASK FORCES INCLUDING COMMISSIONER LIAISON, STAFF ASSIGNMENTS, AND WORK CALENDARS; DISCUSSION AND POSSIBLE ACTION.

Chairperson James announced Commissioner Snyder would Chair the Real Estate/Public Works Board/Public Private Partnerships Task Force; Commissioner Ahern would Chair the Department of Corrections/Prison Parole Program Task Force; and, Commissioner Thornton would Chair the NDOT (Nevada Department of Transportation) Task Force.

Next, agenda item VI was discussed.

V. REPORT ON PRELIMINARY RESULTS OF SURVEY OF STATE EMPLOYEES; COMMISSION DISCUSSION/POSSIBLE ACTION (Formerly agenda item VI)

Executive Director Partlow reported approximately 5,000 open-ended responses were received and that UNR would complete tabulation procedures on December 17, 2008. Chairperson James suggested issuing a press release on survey results and picking out approximately 15 to 20 responses to send on to Commissioners.

VI. UPDATE BY INDIVIDUAL COMMISSIONERS ON POSSIBLE AREAS FOR SAGE REVIEW

Commissioner Vilardo distributed an organizational chart received from the State Board of Education and suggested the Commission review the structure. Chairperson James reported the Commission can review education if requested by the Legislature once the Commission's work was complete.

Commissioner Vilardo suggested reviewing the consolidation of the Housing Division and the Manufactured Housing Division because there were similar programs between the two Divisions and because some programs were implemented at the local level. Chairperson James suggested Executive Director Partlow review the issue.

Chairperson James noted the Secretary of State had suggested the elimination of the Department of Cultural Affairs. Discussion followed about reviewing the issue in terms of essential services and lifestyle services.

Commissioner Vilardo stated she would provide copies of a partial inventory from 1993 of all state government regulatory processes, revenue, and forms that affect business and industry for duplication review.

Discussion followed about implementing a phase-out model or a tiered system for programs. Commissioner Vilardo suggested a third category whereby new hires would not receive a subsidy effective July 1, 2009 and implementing a tiered system for retirees.

VII. 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.

There were no public comment requests.

VIII. ADJOURNMENT

There being no further business, the meeting adjourned at 3:50 p.m.