

SPENDING AND GOVERNMENT EFFICIENCY COMMISSION

(SAGE Commission)

Thursday, February 26, 2009 – 10:00 am

Grant Sawyer Office Building, Suite 1100

Las Vegas, NV

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.

Absent: Jim Thornton, Carole Vilaro

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 10:05 a.m. Roll call was heard and a quorum of 12 Commissioners was determined.

II. APPROVAL OF MINUTES

January 22, 2009 Meeting Minutes – Howard Putnam moved to approve the January 22, 2009 meeting minutes as presented. Randy Garcia seconded the Motion. Motion carried unanimously.

Chairman James noted that Agenda Item #4 would be addressed next.

IV. REVIEW OF INDIVIDUAL TASK FORCE ACTION PLANS AND REPORT SCHEDULE FOR EACH TASK FORCE.

a. Information Technology. Commissioner Putnam reported that although they have been hampered by DoIT staff attention being largely diverted to needs of the Legislative Session, he hopes to have a report to the Commission by June. He explained a new software infrastructure, XBRL, being tested by State Controller Kim Wallin to standardize data using “taxonomies” (labels) so that data is interchangeable between spreadsheets and reports of different departments.

b. Department of Health & Human Services Standardization & Regulatory Issues. Deputy Director Comeaux reported, on behalf of Commissioner Vilaro, that they had met with Health & Human Services Director Mike Willden. Issues discussed included fees for services, which the Commission has already recommended be adjusted to cover the cost of providing the service. Ms. Vilaro has recommended the Task Force draft a policy on resetting fees and to conduct reviews every budget cycle. This draft would be reviewed with other members of the Task Force who include a representative from the Bureau of Licensure, a financial advisor from DHHS and representatives from the regulated industries such as hospitals, managed care, restaurants and others. Deputy Director Comeaux reported that Ms. Vilaro has a definition of cost developed by a national organization that she intends to apply to this issue.

III. DISCUSSION OF POSSIBLE ISSUES TO BE CONSIDERED BY THE PERSONNEL TASK FORCE.

Commissioner Jones reported that areas identified for study are: 1) Overtime eligibility: including current statutes and regulations; definitions of management/decision makers and workers including comparisons with Federal definitions. 2) Possible consolidation of State Human Resource functions for increased efficiencies. 3) Using overtime reports to gauge personnel needs and for use in budget preparation. 4) Sick leave and vacation policies, including accrual policies. 5) Cross Training of personnel, an issue widely supported in the survey of state employees.

Areas suggested to the Personnel Task Force that will not be reviewed include: the compensation and classification system; bonus pay versus longevity and merit pay; classified employee compensation levels; and elimination of vacant positions. Chairman James suggested the Task Force consider recommending that the state review the bonus/longevity/merit pay issue and Ms. Jones suggested this question might be posed at the March Task Force meeting which would include a broad range of employee organizations. She noted that establishing performance standards and indicators was generally agreed to be a very difficult job to accomplish.

Ms. Jones noted that the survey showed state employees are invested in their work and care deeply about how the state operates. She feels establishing an employee group within the Personnel Task Force would be very productive. Discussion followed on methods that could be employed to get additional input from state employees on procedures.

Chairman James next asked the Commission to address the question of whether an effort should be made to move the Commission's recommendations forward with the Legislature. After discussion, the consensus was that the Executive Director and Deputy Director would be available to the Legislature and its Committees to explain the details of SAGE recommendations. No effort will be made by the Commission to promote recommendations.

IV. Continuation of individual task force action plans and report schedule for each task force.

c. DHHS Mental Health Services. Commissioner Forbuss stated this is an area of state government that is going through an inordinate financial drain while the number of citizens needing care continues to grow. Chairman James suggested this may be an opportunity to explore privatization by getting a private firm's estimate of the cost to build and run a privatized facility for comparison to state estimates. A contract with rigid performance standards would protect the state's services. Discussion ensued about privatization. Mr. Forbuss stated he will look for experiences from other states on privatization of services and facilities.

d. DHHS Health Care Systems. Commissioner Greathouse stated the Task Force will include representatives from the long term care association, pharmaceutical manufacturers and other related groups. A meeting was held DHHS Director Mike Willden and the following areas have been identified for review by the Task Force: 1) Medication Management: both bulk purchasing practices and management at institutions; 2) Managed Care versus Fee for Service: this is more a review of care management and the opportunities and advantages of each for different covered groups; 3) An assessment of health care coverage for the uninsured. Nevada's uninsured rate is over 30%. An effort will be made to define that coverage issue. The overall focus of the Task Force is how the cost of health care can be controlled. Attention will be paid to the approach the federal government may be taking.

e. Department of Corrections/ Prison and Parole Program. Commissioner Ahern reported the Task Force includes Corrections Director Howard Skolnik and others are being confirmed. Chairman James suggested inviting a District Attorney to join the Task Force. There are about 13,000 prisoners in the system and many have mental health, geriatric and other health care issues. Areas for initial review include diverting offenders from prisons to other types of facilities which would be more cost effective. A review of facilities in remote areas will be conducted because of the higher cost of staffing these facilities when a reasonable local labor pool is not available. Medical services are also more expensive in rural locations because private physicians are used and prisoners are transported for care. Some prisons have a ratio of 37 prisoners to each correction officer and others are at 17:1. The Nevada State Prison in Carson City is antiquated and while there is opposition to closing it, the subject should be reviewed. Two bills are currently before the legislature which will be watched carefully. Only the Legislature has the authority to close a prison. It was suggested that any proposal to close a rural prison should include an analysis of the impact on the local area of the prison. The Task Force expects to take until the end of 2009 to accomplish its work.

f. Purchasing/Procurement. Commissioner Campbell reported she and Executive Director Partlow had an initial meeting with the Deputy Director of Purchasing. Issues initially identified for review include: access to federal and regional state purchasing pools that would bring rebates to the state; authority to negotiate services as well as equipment and materials, which is a legislative issue; relaxation of the requirement to advertise RFPs in multiple newspapers is an issue that can be solved internally; control of “rogue purchasing”, purchases made by agencies outside the state purchasing system; and purchasing procedures that could be implemented.

g. Real Estate/Public Works Board/Public Private Partnerships. Commissioner Snyder stated that until the SAGE recommended inventory of state assets is completed, his Task Force cannot move forward.

h. Nevada Department of Transportation (NDOT). Executive Director Partlow reported on behalf of Commissioner Thornton that two issues may be brought forward at the March meeting. One is a pilot program to study distance-based user fees as a possible replacement for fuel taxes. The second is a proposal to amend current state restrictions on design/build projects, which involves legislation.

i. Budget Process. Commissioner Goldwater reported he is meeting with former Nevada State Budget Directors to conduct a review of the budget process and begin drafting suggestions for improvement. He stated he may have a preliminary report to share with the Commission as early as March. It was suggested that local budget directors be included in the review process.

j. Department of Motor Vehicles (DMV). Commissioner Feldman reported meetings have been held with DMV that included all department heads. He commended the cooperative attitude of the department, particularly Director Edgar Roberts. Part of the explanation for DMV’s 60 full-time IT positions is of development of Nevada’s Real ID program as required by U.S. Homeland Security. Areas identified for study include raising fees to offset transaction charges for credit and debit cards; charging fees for Driver Education booklets; charging duplicate fees for drive tests for each test beyond the first; reinstatement of the requirement that proof of insurance cards be presented for registration of vehicles; and addressing the problem of cars not registered in the state by Nevada

residents. The Task Force is already working with legislators on the last two items. It was suggested that a high penalty be imposed for non-registration with an amnesty period.

V. DISCUSSION AND POSSIBLE ACTION ON POSSIBLE PROPOSALS TO BE BROUGHT BEFORE THE COMMISSIONERS ON MARCH 26, 2009 FOR INCLUSION IN THE COMMISSION'S THIRD 90-DAY REPORT TO THE GOVERNOR, DUE ON MARCH 31, 2009.

Executive Director Partlow stated the Commission should create an Energy Task Force after the Governor submits his energy bill to see what is already addressed. Second, he would like to bring a proposal to the March meeting about the state allocating money to support the upcoming Census. Each person counted in the state is worth an estimated \$917 of federal support each year for the ten year period following the Census. Commissioners were in agreement.

VI. PUBLIC COMMENT AND DISCUSSION. TIME LIMIT, THREE MINUTES PER PERSON.

Ronald Dreher, Government Affairs Director, Peace Officers Research Association, suggested that requests for public comment be injected throughout the Agenda rather than only at the end. He was supportive of the suggestions made by the DMV Task Force and asked that the Department of Corrections Task Force be sympathetic to victims in considering sentencing options.

Thomas Donaldson, Law Office of Dyer Lawrence, representing several groups of state employees, suggested state employees should be represented on the Commission.

There being no further business before the Commission, upon motion by Jan Jones, seconded by Steve Hill, and adopted unanimously, the meeting was adjourned at 1:55 pm.