

**MINUTES OF THE
GOVERNOR'S STEERING COMMITTEE
TO CONDUCT A
FUNDAMENTAL REVIEW OF STATE GOVERNMENT
September 21, 1999**

The first meeting of the Governor's Steering Committee to Conduct a Fundamental Review of State Government convened at 2:35 p.m. on Tuesday, September 21, 1999, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada.

STEERING COMMITTEE MEMBERS PRESENT:

Denice L. Miller, Governor's Senior Policy Advisor, Co-Chair
Don Hataway, Deputy State Budget Director, Co-Chair
Lieutenant Governor Lorraine Hunt
Senator Maggie Carlton
Assemblyman Greg Brower
Assemblyman Lynn Hettrick
Assemblyman David Parks
Charles Archer, Las Vegas Business and Management Consultant
Marcia Bandera, Superintendent, Elko County School District
Jeanne Botts, Washoe County
Dale Erquiaga, Private Business Consultant
Fred Gibson, Nevada Taxpayers' Association
Paul Gowins, State Employee
Marvin Leavitt, City of Las Vegas
Luther Mack, Reno Businessman
Terry Murphy, Private Business Consultant

SPECIAL INVITEES

Governor Kenny Guinn
Pete Ernaut, Governor's Chief of Staff, Temporary Chairman
Becky Moody, Chief, Division of Internal Audits, Department of Administration

COMMITTEE STAFF PRESENT:

Linda Fitzgerald, Assistant to the Senior Policy Advisor
Philene O'Keefe, Committee Secretary

Exhibit A is the meeting notice and agenda. Exhibit B is the attendance roster.

OPENING REMARKS AND INTRODUCTIONS

Pete Ernaut, serving as Chairman, called the meeting to order. He acknowledged the efforts of Denice Miller, Governor's Senior Policy Advisor, and Don Hataway, Assistant Budget Director, as well as many other employees in the Department of Administration. He stressed that this meeting was the "first step in many." In comparing the objectives of this body with previous studies of state government, the Chief of Staff said this committee will conduct "the most comprehensive review, certainly in the history of the State of Nevada."

Chairman Ernaut welcomed those attending, invited them to participate in the meetings during this interim period, and urged support when the recommendations are presented to the 2001 Legislature. He opined that the entire process will be lengthy, possibly taking several years before completion.

REMARKS BY GOVERNOR KENNY GUINN

Chairman Ernaut introduced Governor Kenny Guinn and reminded those present that the voters, in electing the Governor, recognized that the State needed a businessperson who would bring a more efficient, cost-effective government. Chairman Ernaut said the Governor's experience as Chief Executive Officer (CEO) for Nevada Savings and Loan (which later became PriMerit Bank), CEO for Southwest Gas Corporation and Interim President for the University of Nevada, Las Vegas, demonstrates his ability to lead the State toward a more businesslike approach.

Governor Guinn welcomed the committee members and audience participants. He commented the Steering Committee was the culmination of a promise made during his State of the State Address on January 17, 1999.

During the 1997 Legislative Session, the State had \$571 million in new revenues in its biennial budget. In 1999, the state had \$270 million of new money. Governor Guinn noted that this reduction in "new revenue" came during a time when Nevada was experiencing rapid growth, the lowest unemployment rates in many years, and one of its best cash flows years. He opined that these figures "begin to tell you that you need to start looking at what's happening to you." The Governor expressed concern about how the state could provide needed services to a rapidly growing population when new revenue sources decline. As a businessman, the Governor commented that these statistics reflect the state's need for long-term financial planning versus a two-year biennial forecast.

After the 1999 Session adjourned *sine die*, the Governor explained that he and his staff looked at improving the process but recognized that input was needed from many sectors. The members of the committee were chosen because of their backgrounds in both government and private business. He expressed his appreciation for their willingness to participate.

Governor Guinn explained that financial analysts have been instructed to provide eight-year revenue and expense streams using data averaged for the past two or three years. This information should be available by December 1999, at which point the Steering Committee members may be asked to serve on subcommittees focusing on specific areas. The Governor noted that 70 percent of the state's revenues are dedicated to education and the prison system and another 25 percent is dedicated to other programs. He stressed that 5 percent of a biennial budget cannot address the service needs of a state that is expanding by 200,000 people every biennium. Therefore, this committee needs to dissect the spending patterns of the 95 percent of budget that is allocated before new priorities are added.

By next March, the Governor commented, the committee should be prepared to present a list of prioritized state-funded programs to the public and business communities and request input. Governor Guinn said this process should decrease the number of special initiative petitions circulated by special interest groups. Governor Guinn emphatically stated that the budget process is "the responsibility of the legislative body, with the support of the Governor and the Governor's staff." He explained that the Governor's staff has the responsibility of providing recommendations for program funding, based on extensive, in-depth reviews. After the budget is presented to the Legislature, the Governor said, that body has the responsibility of fine-tuning it—a process that, again, should be based on comprehensive, up-to-date information. Such data will be the result of the efforts of this committee.

Governor Guinn noted that each company or organization for which he has worked prepared long-range financial analyses for both revenues and expenditures. By reviewing past data over a given period of time, analysts were able to develop fairly accurate long-term budgets that required only slight modifications. He is confident a similar process can be developed for the state.

Further, the Governor reasoned that establishing the Steering Committee was better than hiring an outside consultant because:

1. It saved the state between \$500,000 and \$1.5 million; and
2. The recommendations would be a result of a collaboration between committee members thereby representing all

sectors of Nevada.

He urged the members to be open to constructive criticism and suggestions of the “people” when formulating final recommendations.

Governor Guinn commended Mr. Ernaut and the members of the committee. He acknowledged that the committee did not have funds available to purchase the bare necessities such as pencils and paper, and he thanked the members for being willing to participate despite lack of funding.

Finally, the Governor urged both the members and those in the audience to voice their opinions. He said that Mr. Ernaut, Ms. Miller, and the committee members want to ensure that the recommendations that ultimately result “will help all of our people in the State of Nevada.”

INTRODUCTION OF STEERING COMMITTEE MEMBERS

Chairman Ernaut stated that the committee would conduct several meetings during the 1999-2000 legislative interim, all of which will be open meetings. He explained that witnesses may be invited to testify on specific topics, but the format for each meeting will be imparting information to and accepting comments from the public.

Mr. Ernaut reiterated that the Governor’s State of the State Address commented on the need for a fundamental review of the state’s base budgets—which would be approximately 95 percent of all state spending. “To put it in perspective,” Mr. Ernaut said, “we spend 120 days and millions of dollars, in essence, arguing over 4 percent of the money.” In his opinion, once the problem is recognized and corrected, the effort expended over this money during each legislative session will be significantly reduced.

The fundamental review of state government will include asking these four questions from every state department, division, and program:

3. What is the proper role of state government?
4. What services must we provide?
5. What is the most efficient way to provide those services?
6. What is the best way to pay for them?

Many people have expressed confusion between the purview of this committee and interim tax studies. Chairman Ernaut explained that the steering committee will focus on the expenditures of state government whereas the revenue and fiscal study will consider state revenue issues. As the state grows, its programs increase and it is important that Nevada have a stable revenue base to fund them. But, Mr. Ernaut said, taxpayer money must be utilized in the most efficient manner as possible, which may only be accomplished by a thorough, in-depth review of state spending.

Continuing, Chairman Ernaut noted that the steering committee also must look at those programs that are beneficial to the state but which may not be funded or staffed adequately. Although the outcome may determine that some agencies are not using funds efficiently or may be overstaffed, the reverse may be true in some instances, and the committee’s recommendations should include suggestions for increased funding or staffing levels where appropriate.

Mr. Ernaut began his introductions of the committee members. He explained that following the introductions, he will turn chairmanship of the committee to Ms. Miller and Mr. Hataway, who will serve as Co-Chairpersons for all future meetings.

Rather than hire an outside consultant, Mr. Ernaut explained that the Governor preferred to have a committee composed of people who would balance performance and money issues. During his tenure in the State Assembly, Mr. Ernaut

noted that Mr. Hataway was well-known for his ability to balance the budget—a task accomplished because of his experience and straightforward manner in asking pertinent questions relative to the budget process. Conversely, Mr. Ernaut noted the committee needed a person who possessed a thorough understanding of government policy—and that requirement was met by the Governor’s Senior Policy Advisor, Ms. Miller. The Chairman explained that Ms. Miller had developed a unique perspective of government policies and procedures during her employment as Principal Research Analyst with the Legislative Counsel Bureau (LCB). He said the committee was fortunate to have these two individuals lead them in this endeavor.

Chairman Ernaut introduced the balance of the committee, noting their affiliations as::

- A representative of state employees;
- Experts in state or local government or on tax issues; and
- Men and women from private businesses.

He pointed out that the committee does not include representatives from special interest groups. Rather, this committee is a “bare-bones look, a comprehensive look at . . . state government,” he said. Therefore, the members were “hand-picked for their expertise in very specific areas.”

Later in the meeting, when serving as Chairwoman, Ms. Miller introduced her assistant, Linda Fitzgerald, and the Committee Secretary, Philene O’Keefe. Ms. Miller directed questions regarding the committee to Ms. Fitzgerald. Ms. Miller commented that the Governor’s Office received several phone calls from interested persons requesting copies of minutes. After a discussion with the Governor and Mr. Ernaut, Ms. Miller asked Ms. O’Keefe, a former LCB employee, to serve as Committee Secretary as an independent contractor and she agreed. Ms. Miller expressed her appreciation for the assistance provided by both of these people.

Chairman Ernaut concluded his remarks and turned the gavel over to Ms. Miller, who served as Chairwoman for the balance of this meeting. Before leaving the meeting, Mr. Ernaut stressed that questions, concerns, or requests for materials should be directed to either Ms. Miller or Mr. Hataway from this point forward. Stating his appreciation to the committee, Mr. Ernaut left the meeting.

DISCUSSION OF THE ROLE OF THE STEERING COMMITTEE AND THE PROCESS OF FUNDAMENTAL REVIEW

Exhibit C is a compilation of documents prepared and distributed by Ms. Miller prior to the start of this meeting. The exhibit contains the following:

1. Meeting Notice and Agenda
2. “A Fundamental Review of State Government,” prepared by Ms. Miller and providing an overview of the committee’s focus.
3. “Nevada State Government Organization Chart” prepared by the Research Division of the LCB.
4. A memorandum dated September 17, 1999, from Linda Fitzgerald to the Governor’s Steering Committee on Fundamental Review members regarding studies of Nevada State Government.
5. “Suggestions for the Improvement of State Government (Preliminary) Year 2000 to Year 2005,” prepared by Ms. Miller.
6. “1999-01 Department of Administration Work Program,” prepared by Mr. Hataway.
7. Executive Summary of the 1988 study conducted by the Price Waterhouse Urban Land Institute.

8. “Legislative Counsel Bureau Committee of the Nevada Legislature Calendar of Meetings,” dated September 17, 1999.

Chairwoman Miller briefly discussed the above items. Referring to Item No. G, she noted that this is the report to which many people refer when discussing studies of state government. The report focuses on revenue source issues; therefore, the revenue committees may refer to this document during their hearings. Item No. F contains the complete time line for the committee, although some deviations may occur. (This item is discussed in greater detail during Mr. Hataway’s presentation later in this meeting.) Turning to Item No. E, Ms. Miller stressed that the “suggestions” are preliminary. “This is where this committee will do a great deal of its work,” she commented. A final draft should be available at the committee’s second meeting. Ms. Miller emphatically stated that “these suggested items do not have the approval or disapproval either of the Governor’s Office or of the Steering Committee members. It is intended to provoke conversation, and I’m sure that some of the items will.”

Referring to Item No. D above, Ms. Miller asked Mr. Erquiaga, who compiled the data when he was employed as Director of the State Library and Archives, to review the list. Mr. Erquiaga explained that the list is a compilation of reports to governors during the 20th Century concerning state government. He highlighted the following:

9. *Administrative Reorganization for Effective Government Management in Nevada, 1948*, commonly referred to as the “Gorvine Report”;
10. *Review of the Organizational Structure of Nevada State Government, 1992*, chaired by then-Dr. Guinn.

These studies address the efficiencies of government through organizational design, Mr. Erquiaga said. They focused more on the questions: “Where do you put stuff . . . what does the organizational chart look like?” he explained. This committee, he opined, not only should look at where a particular department or program is located in state government but whether the department or program is needed. He advised that the committee not just “shuffle the deck chairs,” but should ask if the program serves a state purpose. Mr. Erquiaga agreed with remarks made by Mr. Ernaut regarding beneficial programs that may be underfunded or understaffed.

The statements made by Governor Guinn and Mr. Ernaut provided a broad perspective of the steering committee’s focus, the Chairwoman explained. She said this meeting will focus on the committee’s organization. During subsequent hearings, the list of suggested improvements will be reviewed in depth.

The Steering Committee has three tasks:

1. Monitor the progress of the reviews of state agencies;
2. Evaluate the list of suggestions to improve state government; and
3. Develop recommendations for the Governor based on the information which will be gathered by or presented to this committee.

There are three different types of agency reviews, including:

- 1) Basic reviews;
- 2) Major reviews; and
- 3) Interagency reviews.

A detailed description can be found on pages 4 through 6 of Item No. B of Exhibit C.

Each state agency must provide responses to a list of questions identified on page 4 of Item No. B of Exhibit C no later

than May 1, 2000. The Steering Committee will then review the responses.

During the 1999 Session, the Division of Internal Audits was created within the Department of Administration (Senate Bill 550, Chapter 550, *Statutes of Nevada 1999*). This new division will be responsible for conducting a “major review” of six agencies that have been preselected. The contents of a “major review” are detailed on page 5 of Item No. B of Exhibit C.

Chairwoman Miller explained that *Nevada Revised Statutes* (NRS) place limitations on certain information which may cause delays in data being forwarded to the Steering Committee. She deferred further comments on this issue to Becky Moody, Chief Internal Auditor, Division of Internal Audits, who discusses the issue in length later in the meeting.

The six departments selected for a major review are:

- 4) Business and Industry;
- 5) Conservation and Natural Resources;
- 6) Education;
- 7) Human Resources;
- 8) Motor Vehicles and Public Safety; and
- 9) Prisons.

These agencies were selected either because of the overall size of the department or the size of its budget.

Lastly, “interagency reviews” will be conducted on certain agencies, such as the Purchasing Division (Department of Administration), Department of Personnel, Department of Information Technology, and so forth, because they perform services for other state agencies. The Steering Committee will review the results of these reviews to determine if the relationships between service agencies and those they serve are:

- 1) Appropriate; and
- 2) Working as originally envisioned.

After the committee has held approximately six meetings, a work session will be conducted during which it will consider the results of:

- 3) Agency self-reviews;
- 4) The Division of Internal Audits’ major reviews of the six agencies;
- 5) The interagency reviews; and
- 6) The findings and recommendations of the Subcommittee on State Personnel System.

Chairman Miller noted that the Subcommittee on State Personnel System will be chaired by Scott Scherer, Governor Guinn’s Legal Counsel and will be focused entirely on the current personnel system. Findings and recommendations of the subcommittee will be presented to this committee for consideration. Later in the meeting, Ms. Miller appointed Senator Carlton and Messrs. Gibson and Murphy to serve on the subcommittee. She noted that Jeanne Greene, Director of the Department of Personnel; Charlotte Crawford, Director of the Department of Human Resources; Robert Gagnier, representing the State of Nevada Employees Association (SNEA); and a representative of the Attorney General’s Office (to be named at a later date) will also serve on the subcommittee.

In addition, the Steering Committee will be provided with the findings and recommendations from the Governor's Forum on Fiscal Issues. Governor Guinn requested long-range forecasts of major caseloads from the Departments of Education and Prisons and the Division of Health Care Financing and Policy (more commonly known as the Medicaid Offices within the Department of Human Resources). In addition, he has asked for a long-range plan of revenue sources (such as gaming and sales taxes). The information should be available by the end of December 1999. During this period, the Chief of Staff will meet with constituencies and industry representatives to gather concerns, comments, and suggestions regarding improving state government. The information gathered will be presented to the Governor's Forum on Fiscal Issues, tentatively scheduled for February 29 and March 1, 2000, in Las Vegas. Chairwoman Miller encouraged the members of this committee to attend this forum.

Ultimately, the findings and recommendations of all subcommittees and the Forum on Fiscal Issues will be submitted to this body. During the work session, the Steering Committee will consider all this information and then develop its own recommendations about the future of each agency and program. A final report will be prepared by the Co-Chairpersons and will be released to the Legislature and members of the public concurrently with the Governor's State of the State Address and Executive Budget in January 2001.

Responding to a question by Mr. Erquiaga, Ms. Miller encouraged the members of the committee to present questions relevant to the agency self-review process. She noted that the questions will be given to each agency in conjunction with budget instructions; therefore, the questionnaire should not be overly burdensome.

REVIEW OF S.B. 550 OF THE 1999 LEGISLATIVE SESSION

Ms. Moody (identified earlier) explained that S.B. 550, in creating the Division of Internal Audits, authorizes the division to perform audits of the programs and activities of Executive Branch agencies in accordance with the standards of the Institute of Internal Auditors. The bill also specifies the process of reporting and conducting follow-ups of audit findings. (Exhibit D is a copy of Senate Bill 550.)

As it relates to the purview of this committee, Ms. Moody commented that the bill creates the Executive Branch Audit Committee (EBAC)—which is chaired by the Governor and includes as its members each of the constitutional officers (Attorney General, State Controller, Lieutenant Governor, Secretary of State, and State Treasurer) and one member of the general public. The Audit Committee is responsible for approving an audit plan for auditing Executive Branch agencies. Audit findings and follow-up reports are to be submitted to the EBAC.

In consultation with the Director of the Department of Administration, Ms. Moody will prepare risk assessments for those agencies selected for the "major review." The assessments will be submitted to the EBAC for approval as part of the required audit plan. Based on the risk assessments, the members of the EBAC will determine which agencies within those departments should be the focus of the Division of Internal Audits.

Final audit reports are confidential, by statute, until they are presented to the EBAC at which point they become public documents and will be available to the Steering Committee for review, Ms. Moody explained. Within six months of the release of an audit report, the Division must inform the EBAC and the audited agencies about the effects of any corrective actions that have been implemented.

Chairwoman Miller asked for clarification regarding the statutory restrictions and confidentiality of audit findings. Ms. Moody reiterated that the Steering Committee can receive copies of audit findings on the same day the EBAC meets.

Chairman Hataway explained that the Division of Internal Audits anticipates hiring eight internal auditors by October 1, 1999. The biennial budget approved by the Legislature includes funding for four additional auditors after July 1, 2000—the start of the new fiscal year.

Ms. Moody said the budget includes funding for, and she has hired, a Program Assistant. With the creation of the new division, Ms. Moody explained that her primary focus has been personnel issues. The position descriptions were presented to the Department of Personnel, and the class specifications were approved by the Personnel Commission on

September 10, 1999. The auditor positions were advertised in the State of Nevada's Job Posting as well as externally in the *Las Vegas Review Journal* and the *Reno Gazette Journal*. Ms. Moody said she received a large number of applications from well-qualified applicants and anticipates hiring most of the original eight auditors by October 1st. Lastly, Ms. Moody hired a person to replace her as Chief of Financial Management.

DISCUSSION OF THE TIME LINE FOR COMPLETION OF FUNDAMENTAL REVIEW AND BUDGETARY IMPLICATIONS

Chairwoman Miller introduced Chairman Hataway, who discussed, in detail, the time line for the Steering Committee (introduced earlier as Item No. F of Exhibit C). In addition, Mr. Hataway distributed two documents for review by the members. The first is the Biennial Report, a statutory report published every two years. It contains a "snapshot in time" of what state agencies exist at the time of publication. The other report is a publication prepared by the LCB's Fiscal Analysis Division which provides a comparison of the Governor's proposed budget and final legislative action. (These documents are not attached to these minutes as exhibits but may be requested from the Department of Administration or the Fiscal Analysis Division of the LCB.)

Chairman Hataway indicated both publications provide a thorough overview of the budgetary process and the way in which the Nevada Legislature funded current agencies and programs.

As indicated by the time line (identified earlier), the preparation of biennial budgets is complex, Mr. Hataway acknowledged. He discussed the following Items in detail (please see Item No. F of Exhibit C for more specifics):

Item 5 - "Review and Modification of the Vision Statement, Mission Statement and Functional Goals for the 2001-03 Biennium of the State Strategic Plan by Governor's Staff and Budget Division Planning Staff"

Mr. Hataway explained that this item was scheduled for completion between September 1 and September 15, 1999. According to Chairman Hataway, the Governor stated this item could not be accomplished until the Steering Committee completed its work. The Governor recognizes that the Mission Statement and Functional Goals are needed by state agencies to prepare agency requests for the upcoming biennium; therefore, those statements will be available when budget instructions are submitted.

Item 9 - "Preparation of draft Long Range Revenue and Expenditure Fiscal Planning Position Papers including preliminary analysis of revenue projections for 2001-03 biennium"

Scheduled to begin on or about September 1 and to be completed by December 31, 1999, Chairman Hataway said staff of the Budget Division has been directed to prepare the Executive Budget through 2007 and 2009. This item is in process. The Chairman said he prepared the "prototype for the distributive school fund and class size reduction." By preparing a long-range forecast, the Chairman noted that it allows state officials to anticipate problems that may be faced between revenue sources and program expenditures.

Item 12 - "Completion of pre-review agency briefing sessions for Governor's staff, Steering Committee Co-Chair and Internal Audit Chief including but not limited to the status of strategic plan, authority to perform mission, methods of determining whether agency is meeting mission, obstacles to meeting mission and alternatives if agency did not perform mission"

The Chairman stated that these briefing sessions, scheduled to occur between September 15 and October 30, 1999, will allow those mentioned above to become more familiar with the budget process, particularly as it relates to the determination of whether an agency has met its mission.

Item 17 - "Review and approval of Internal Audit work plan for 1999-01 biennium by Executive Audit Committee"

This item is scheduled for the time period of November 1 through November 15, 1999. The Chairman referred to comments made earlier by Ms. Moody regarding approval of the audit plan.

Item 18 - “2nd Meeting of Steering Committee”

Chairman Hataway indicated the second meeting of the Steering Committee is scheduled to meet some time between the dates of November 1 and November 15, 1999. This provides the committee with an opportunity to review the Biennial Report and the list of suggested improvements to state government. Chairman Hataway said the list is a compilation of brainstorming sessions between him and his staff, as well as questions and problems that were mentioned during hearings of the 1999 Legislature’s Senate Committee on Finance and Assembly Committee on Ways and Means. Responding to an earlier question by Mr. Erquiaga, Chairman Hataway supported Chairwoman Miller’s invitation for additional improvements and/or questions to present to the agencies during the self-review process.

Item 19 - “Publication on the Department of Administration WEB Site the Final ‘Improvements in State Government’ Master List, the Division of Internal Audit Work Plan and the Question Template for Minor and Major Review of all Executive Branch Agencies and Budget Accounts”

After the Executive Branch Audit Committee has its first meeting and the Steering Committee holds its second hearing, the Governor has authorized the publication of the above material on the Department of Administration’s web site. At present, this item is scheduled for completion on or around November 30, 1999.

Contrary to other studies of state government, many of which did not hold public hearings nor invite public comment, Governor Guinn and the Co-Chairs of this committee committed to conducting open meetings and to provide all documents to the public.

Item 20 - “Completion of Final Basic Budget Instructions including input from LCB Fiscal Analysis Division”

The time line for this item is November 15 and December 31, 1999. Responding to Mr. Erquiaga’s request to include certain questions to state agencies, Chairman Hataway stressed that the budget materials are scheduled to be released to state agencies by January 1, 2000. Prior to that date, however, the information must be presented to the Governor for his approval, provided to the LCB’s Fiscal Analysis Division, and printed. Questions for inclusion in the self-review process should be prepared as soon as possible.

Item 26 - “Training Seminar for agency ASO [Administrative Services Officers]/fiscal personnel by Budget Division, including but not limited to the review of the 2001/03 budget instructions, major/minor review questions, fund mapping procedures, cost allocation processes, strategic planning, outcome measures and related budget issues”

This item is strictly internal, Chairman Hataway stressed. The one or two-day training, which will take place during January 2000, is necessary to ensure that the agency employees responsible for preparing the budget understand the procedures.

Item 28 - “Complete Final Draft of Long Range Revenue and Expenditure Fiscal Planning Report” - scheduled for completion in the month of February 2000.

Item 33 - “Governor’s Summit on Fiscal Issues”

Also referred to as the Governor’s Forum on Fiscal Issues, Chairman Hataway noted that the tentative time line for this item will be revised to reflect the dates discussed earlier by Chairwoman Miller.

Item 34 - “3rd Meeting of the Steering Committee”

Chairman Hataway stressed that immediately following the forum, the Steering Committee will hold another meeting—thereby benefitting from discussions and presentations held during the summit.

Items 38 through 45 - Chairman Hataway noted that many items are scheduled for completion on May 1, 2000. He highlighted the following items:

Item 41 - “Budget Division to provide Governor with revised preliminary revenue estimates and a preliminary fiscal impact of caseload driven maintenance costs for the 2001-03 biennium”

Item 42 - “Agency submittal of Basic Budget Review Analysis and an Executive Summary of Proposed Functional Goal Enhancement Decision Units with applicable Business and TIPIJ [Technology Improvement Project and Investment Justification] Plans to the Governor’s Office for review and approval”

Item 49 - “Agency submittal of biennial report to Division of Internal Audit on whether the agency’s system of internal accounting and administrative control is in compliance with the uniform system adopted pursuant to NRS 353A.020”

Chairman Hataway said the law mandates that each agency perform an analysis of its internal accounting and administrative control systems (which must comply with parameters established by the Department of Administration) and provide the results of this analysis to the Director. In 1999, the Legislature passed Assembly Bill 255 (Chapter 172, ***Statutes of Nevada 1999***) which requires the Director to submit a report, on or before the first Monday in February of each odd-numbered year, on the status of internal accounting and administrative controls in agencies. This report must be submitted to the LCB for transmittal to the Senate Committee on Finance and the Assembly Committee on Ways and Means, the Governor, and the Legislative Auditor. The bill mandates the information that must be included in the report as well.

Chairman Hataway stated that when this report is available, copies shall be forwarded to the members of this committee.

Item 58 - “Final meeting of the Steering Committee”

Although the time line refers to this as the final meeting, Chairman Hataway commented additional hearings may be required but are dependent on the timeliness and detail of information provided by various agencies. Further, the members will be asked to approve the final report, which may require at least one additional meeting.

Item 60 - “Submittal of Agency 2001-03 Biennium Budget Request to the Budget Division per NRS including an in-depth justification for the continuation of budgetary program(s), Phase 2 of Governor approved Agency Business Plans and BDRs [Bill Draft Request] necessary for implementation of Executive Budget”

The statutes mandate that agencies submit their budget requests for the next biennium by August 15th of even-numbered years.

Item 73 - “Submittal of Final Recommendations of Division of Internal Audit for budget modifications for 2001-03 biennium”

October 15th is the “traditional date” that the Budget Division moves into the recommendation phase of the Executive Budget. Chairman Hataway anticipates that the efforts of this committee, the Division of Internal Audits, and the Subcommittee on State Personnel System will be completed and available. Following receipt of this information, the division will commence with its normal budget preparation prior to the convening of the Legislative Session.

Item 83 - “Complete and present December revenue estimates to the Economic Forum”

Revenue estimates will be submitted to the Economic Forum between November 15 and December 1, 2000. The Forum, created by the 1993 Legislature, is a five-member panel that meets in December of even-numbered years to set the official projections for the upcoming biennium. The law requires that the forum’s projections be used to balance the budget during the following Legislative Session. The forum also meets in May of odd-numbered years and revises its projections. The Legislature must then balance the budget to the new projections, which could cause significant

amendments to appropriations bills.

CONCLUDING REMARKS

During a discussion regarding the date for the next meeting, Chairwoman Miller commented that the Budget Division is reviewing the Governor's budget to determine if funds are available to cover travel costs for non-government employees should the committee meet in Las Vegas. Provided the funds are available, the members expressed no objection to conducting several meetings in southern Nevada.

Chairwoman Miller set the next meeting date for November 10th in Carson City at 10 a.m. She advised the members that meeting days and times are flexible—even offering to conduct meetings on Saturdays to ensure full participation by all members.

Finally, Chairman Hataway urged the members to review the time line to determine if adjustments are necessary or if items are missing. In addition, he opined that the Steering Committee needs to review the relationship between state and local governments although some issues will be visited by the revenue studies. The purpose of the next meeting is to focus on specific areas for further analysis, Chairman Hataway commented to the members.

Mr. Erquiaga requested a copy of the Vision and Mission Statements which can be used by the members as a benchmark against the list of suggested improvements.

Chairwoman Miller, responding to a question by Mr. Mack, urged the members to provide comments or suggestions for upcoming agendas. The Chairwoman acknowledged that some members may have a particular interest in a specific department or program and may want to head a subcommittee focusing on that agency. Another working group, similar to the Subcommittee on State Personnel, may be formed to look at the relationship between state and local governments.

There being no further comments, the meeting was adjourned at 3:47 p.m.

RESPECTFULLY SUBMITTED,

Philene E. O'Keefe, Committee Secretary

Approved:

Denice L. Miller, Chairwoman

Don Hataway, Chairman

Date:_____

Date:_____

EXHIBITS

The exhibits described in these minutes are not attached to these minutes but may be reviewed in the Research Library of the Legislative Counsel Bureau, Sedway Office Building, Fifth and Stewart Streets, First Floor, Carson City, Nevada. Copies may be requested by contacting Linda Fitzgerald, Office of the Governor, at (775) 684-5670.

Tapes of the meeting shall be maintained at the Office of the Governor until the Steering Committee completes its work

and presents its final recommendations to the Governor. Copies of the tapes are available at a cost of \$5 per tape. For more information, please contact Linda Fitzgerald, Office of the Governor, at (775) 684-5670.