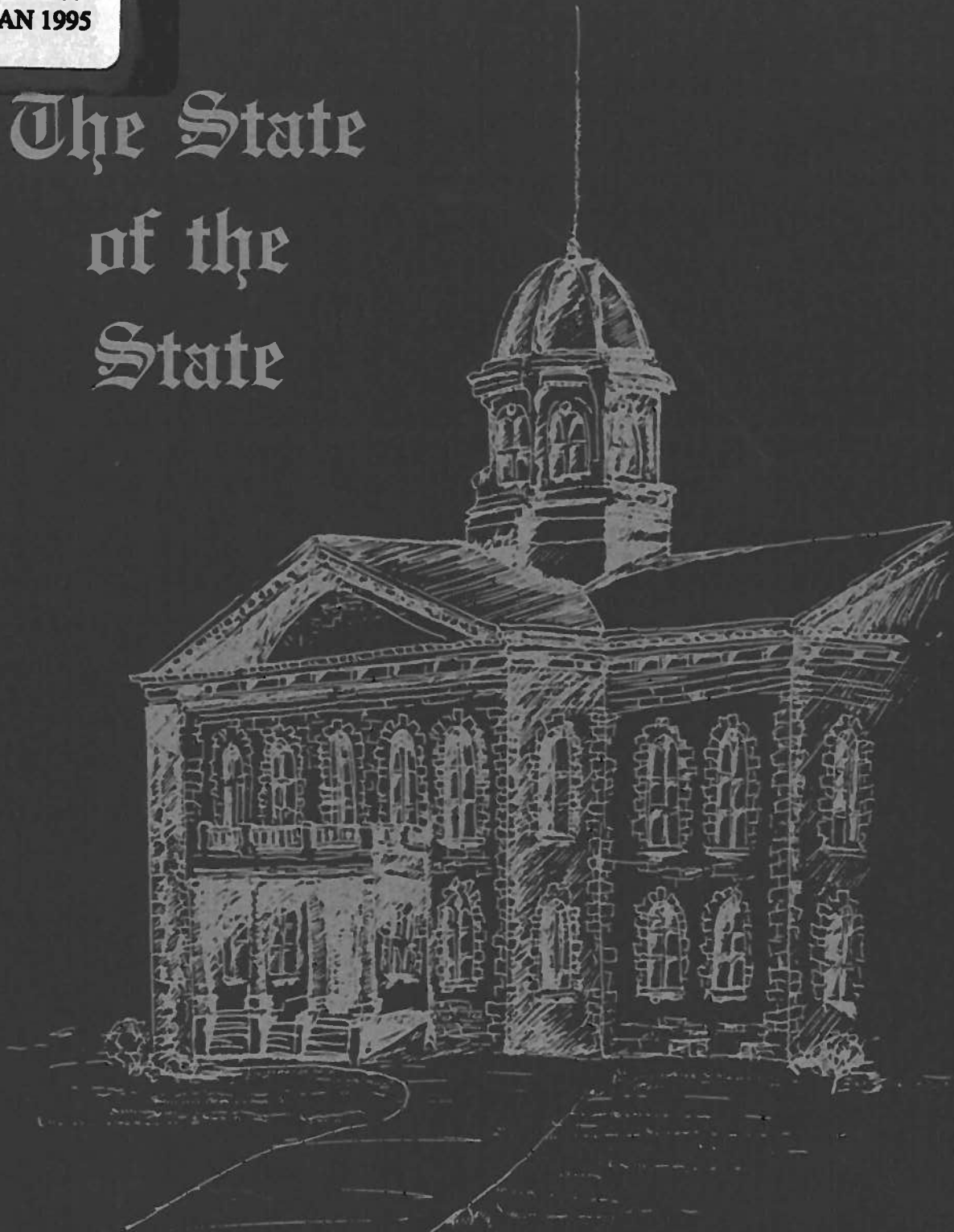


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The State of the State



Governor Bob Miller to the 68th Session
of the Nevada Legislature

January 18, 1995

Carson City, Nevada

Miller
1/18/95

Mr. President...Co-Speakers...Mr. Chief Justice...distinguished justices of the Supreme Court...ladies and gentlemen of the 68th Nevada Legislature...honored guests...and my fellow Nevadans.

Nevadans have spoken, and they have given us one party in control of the Governorship, another party in control of the Senate, and have left the Assembly divided between the two parties.

This is an experiment, an experiment that can begin and end in division, rancor, and disappointment. Or it can end differently -- As an example of bipartisanship, of rising above one party, of moving forward from the political center that grounds both parties.

If we can remove the blinders of partisanship and the quest for advantage, we will see clearly that more unites us than divides us. I believe that with the leadership of Senators Raggio and Titus and Assemblymen Dini and Hettrick, we will work together to enact fair, well-reasoned and sound legislation to better our great State.

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It is this unity of purpose which guides this administration. The voters in the last election were very eloquent in their message to us:

- They want responsible, limited government. Those services which only government can provide must be delivered as efficiently and as inexpensively as possible.**
- They want strong, smart measures enacted into law that will attack the menace of violent crime.**
- They want quality education for their children from kindergarten through our university system.**

The people of our state deserve these things and they want them without expanding state government. The budget and the legislative program I propose sets out to meet these sound and well-reasoned demands -- and they are demands. We must meet these demands by providing efficient government services, tough and smart crime measures, and improvements in our educational system.

Fiscal responsibility is an absolute priority of this administration. The budget submitted to you is driven largely by the necessity to keep up with rising school enrollments and increasing prison populations and Medicaid caseloads. This

budget meets the needs of the people of the fastest growing state in America, but does so with no tax increases.

Holding the line on taxes and also meeting the expanding demands for services are not enough to ensure Nevada's fiscal strength. Economic cycles are immutable facts of life. That was made painfully clear by the recession of the early 1990's... A recession that showed no state any mercy. It would be arrogance --- It would be ignorance -- not to prepare now for a future economic downturn.

At this time, Nevada's economy is booming, business is good, and state revenue is up. And that is good news, but it also creates a dangerous temptation to spend.

I choose a wiser course. Let us seize this opportunity to build our reserves to shield us from the treacherous cycles of boom and bust. To that end, we must increase the "Rainy Day Fund" to its maximum level under law. I am recommending a direct appropriation of \$81 million to bring the "Rainy Day Fund" up to the statutory limit of \$100 million.

And I believe even that is not enough. Beyond topping off the "Rainy Day Fund" I am proposing in addition to the minimum reserve, that \$20 million be

reserved in our ending fund balance. That additional reserve will give us a "head start" on the 1997 biennium. These saved reserves will provide a fiscal "damper" to the ever increasing demands for revenue which we will face in 1997, AND MUST REMAIN UNSPENT NOW!. Let us think and act wisely now and not respond to the impulses of the moment. A failure to preserve these funds now will only complicate and make our future fiscal position worse. Do not mortgage our future. This is our opportunity to prove our skeptics wrong -- this government is committed to a prudent fiscal plan with a strong savings program.

The public expects us to operate Government like a business -- we must provide the maximum level of service at the lowest possible cost. Two years ago, we began streamlining state government by reducing the number of state departments from 42 to 21. Total Quality Leadership is being implemented which is increasing staff productivity and eliminating inefficiencies.

The results of these actions are bearing fruit.

In our Department of Employment, Training, and Rehabilitation, we've adopted the model of Neighborhood Service Centers. It's a one-stop-shopping concept to better serve the Nevadans. In convenient locations throughout this state, citizens will be able to obtain information and enroll in a whole host of human service programs in one place, rather than having to go to many different

offices. When you come in with a problem, you leave with an answer--not a referral to another agency.

Of course when most Nevadans think of state services, they first think of the Department of Motor Vehicles. It's probably the most widely used state agency...and because of that it's also the most overworked. I am proposing that we separate the DMV from the Department of Public Safety so that we can concentrate on the separate missions of both agencies more completely. Nevadans who need the services of DMV should be able to get them quickly and efficiently. The best way to do that is to have an agency that concentrates solely on those services. We will shorten the lines and reduce the waiting times for services.

I am also proposing to streamline government further by consolidating the Department of Economic Development and the Department of Tourism into a single agency. These departments have each done an excellent job of serving the people of this state...especially in our rural districts. We can make their efforts even more efficient by consolidating them into a Department of Development and Tourism. In this budget alone, we project a savings to the state of nearly \$200,000.

In furthering efficiency, we must also eliminate Government services when they are no longer needed. The federal deregulation of the transportation industry

has eliminated many responsibilities from the Public Service Commission. While traditionally, government agencies might attempt to find new responsibilities to justify maintaining staffing levels, that will not be the case in Nevada. We will reduce the staffing at the PSC and lower the cost of government.

Our most sweeping reorganization two years ago was in the State Industrial Insurance System. The impending SIIS bankruptcy was the worst financial crisis in Nevada history. The liabilities for business were growing out of control, the quality of services for Nevada's workers was in question, and the costs of health care threatened to bankrupt the entire system. A \$2 billion shortfall cannot be corrected overnight. But in just one year, we have shown a \$141 million turnaround. In 1993, there was \$80.9 million more going out the door, than coming in. In 1994, SIIS had \$61 million more coming into its accounts than were being paid out in claims. We have dramatically turned this potential catastrophe into a success story. I have already discussed with Senator Townsend that our primary goal is to ensure that this success story continues. Together we must not waiver from our goal of financial stability in our workers' compensation program.

Government is not just about numbers and organizational charts; it's also about people...dedicated people. So, within the bounds of a tight budget, we are recommending that state employees be given a 4% salary increase in the first year and 3% in the following year of this biennium. Some will say this is too little;

others will say too much. But we should all remember that these employees have diligently served the public without a pay increase for three straight years.

It is my opinion that state employee salary increases should remain a priority. If later in this session, revenue forecasts increase, we should consider additional compensation for these dedicated public employees.

Of course, all Nevadans face the challenge of living within their budgets. Perhaps nowhere is that challenge greater than dealing with the exorbitant cost of health care. With the failure of Washington to successfully deal with the health care crisis, it is all the more important that we continue our successful efforts. Our hospital cost containment law is scheduled to sunset this year. If it didn't work, it should be wiped from the books. But, it has been successful and has earned our continued support.

While we once had the dubious honor of having the highest hospital costs in the nation, for each of the last six years, Nevada has had the best record in the nation for holding down inflation of hospital costs.

Federal mandates, which are often unfunded and out of control, continue to drive up Medicaid costs. These costs are eating up more and more of our available state dollars. Our total costs for Medicaid in the present budget represent an

increase of \$223.5 million over the last biennium. To get control of these costs, I am proposing that we seek Federal approval of a managed care program. We have seen the success of the managed care program in turning around our workers' compensation system and we are confident that we will see success in Medicaid cost containment as well.

No group of Nevadans is more concerned about the costs of illness than our seniors. In an effort to keep our seniors independent and living quality lives, I will continue to expand the Community Home Based Initiative Program, known as CHIP. This program allows a growing number of senior Nevadans to live independent lives at home, rather than dependent lives in an institution at far higher costs.

As successful as these programs are, we will still fail if we cannot protect our citizens from the plague of violent senseless crime. With the advice and support of the chief law enforcement experts in the State, including Sheriffs Jerry Keller and Dick Kirkland, Police Chief Jim Weston, and prosecutors Stewart Bell and Dick Gammick, I have defined an extensive package to reform our entire criminal justice system.

I am pledging to give our police officers, our prosecutors and judges the

tools they need to insure that law abiding citizens are made safer and violent predators go to jail. Violent criminals will pay the price in Nevada.

The time is now to send a message to criminals throughout Nevada that we are going to take back our streets, we are going to make our schools safe again and we are going to make our homes secure once more.

We will open Lovelock Prison this year. We will open Lovelock Two in 1997 and begin construction on a new facility that same year.

The cruel reality is that the faces of violent criminals are growing younger. A 16-year-old committing a violent or sex-related crime should be presumed to be an adult and face prison. And judges should, under appropriate circumstances, be able to decide that 14-year-olds bent on a life of crime be subject to adult prosecution. Juvenile laws are to protect children, not young criminals.

We must make our streets safer by taking guns from the hands of juveniles. There is no good reason for teenagers to have guns in their cars on a Friday night. We will revoke the driver's licenses of those who violate gun, alcohol or drug laws.

We will provide judges the ability to require parents to accept the responsibilities and obligations for the actions of their children by ordering

restitution to victims, community service and/or counseling for the parents of juvenile offenders. And we will create a juvenile boot camp to mirror the success we have in our adult camp.

Just as we review and revise the juvenile justice system, we must also reconsider treatment of adult offenders. We must identify and isolate career criminals. I propose we make the sentencing of repeat, violent offenders mandatory under Nevada's Habitual Crime Law. No deals, no plea bargaining... a life-sentence.

Further, I am calling on you to approve a Sentencing Commission to create truth in sentence and to keep violent offenders in prison for longer periods of time.

Assemblywoman Jeannine Stroth, herself a victim of crime, told me she will prepare legislation to require judges to inform victims of what the minimum time is to be served under the sentence. I support this, but feel the solution is best found in a comprehensive reform of Nevada's entire sentencing structure. We will direct the Sentencing Commission to establish absolute..absolute--non-negotiable.. prison terms. When a judge sentences a felon to five to ten years, it means five years and not a day less. And, if there is no rehabilitation, he'll do the ten years. Everyone will then know just what the sentence meant.

The Sentencing Commission will also design tougher penalties on violent, career offenders. Most have heard the slogan "Three Strikes and You're Out" as a means of keeping felons in prison. I propose a smarter, more thoughtful approach, entitled **CRIME POINTS TO PRISON**. Under this plan, devised by Sheriff Keller's Deputy Chief Paul Conner, all facts and circumstances of a criminal act will be taken into consideration. "Did the criminal use a gun? Did she have an accomplice? Did he have a child or a senior as a victim?" Under this system, targeting the most serious of our offenders, even someone who committed two violent felonies could find himself in prison for life.

A commitment to putting more violent criminals behind bars for a longer period of time brings with it the obligation not only of building prisons, but also of freeing up prison cells.

In order to keep the rapists, murders, child molesters and criminals that use guns behind bars we must develop a strategy to make the most efficient use of our available prison cells.

Part of that strategy must be to deal with the non-violent offenders. I believe that we must break the cycle of crime by retraining, educating and mandating drug and alcohol rehabilitation for non-violent offenders. One solution is the Life Skills Program which has met with great success in other states. The

project, designed as a partnership with existing service providers within the community, can correct the problems which led to the criminal behavior. It calls for a rigorous program of strict supervision of non-violent offenders. If a criminal has a drug problem, he will get counselling. If she has no job skills, she will be trained. If the offenders cannot read or write, they will be educated. This is a far less expensive way of dealing with non-violent offenders and holds out the possibility of creating productive citizens rather than skilled career criminals. Our goal is to make sure the cycle of crime is stopped. While these criminals are given the opportunity to turn their lives around, those who violate the rules of the Life Skills Program will end up in a prison cell.

We will also expand the use of House Arrest programs, the most successful such program in the nation. To date it has been limited to felony drunk driving offenders. We must expand this promising program to some drug and non-violent property felons.

We must also expand the boot camp program we began a few years ago. It provides the shorter-term, intense program needed to change career paths from crime to productive society members.

But let's be honest, the only long term solution is to focus on our children.

To teach them the right values and priorities. To give them the care, the nurturing, and the education they deserve.

Throughout the last six years, I have held our children's education nearest to our heart, and at the top of my administration's list of priorities. And while we may be occasionally diverted by other pressing issues -- Budget Cuts -- SIIS Reform -- Public Safety -- we must never waiver in our commitment to Nevada's school children.

Sandy and I have visited hundreds of schools throughout Nevada. Reading to classrooms, meeting parents and listening to teachers. Those whose mission it is to teach and help care for our children.

One message consistently rings loud and clear: Governor please continue to provide us smaller class sizes -- "It works."

I believe it works. You'll always be able to dispute test results or the value of team teaching. But there's no disputing the value of giving our children a leg up in those early years. Give our teachers a class size they can manage. Not projects for 35 nameless faces, but a moment to recognize Mary's flair for art or to help Tommy's math or Mario's science. Our children deserve that personal attention.

I am asking you tonight to heed the pleas of thousands of teachers and parents. We must continue to extend our class size reduction program to the third grade. Our children deserve no less.

Today's children are growing up in a world in which computers are as commonplace as books. Our schools need to teach the children the keys to working with the changes. Science and technology is the key to success. We are providing our schools with money and equipment to properly train our students in these areas so that our kids will be leaders in the Information Age.

As we provide our education system with the tools it needs to prepare our students, the public deserves to know how effective the schools are in using the tools. In the 1993 session, we passed the Nevada School accountability law, which requires school districts to inform the public on school performance. I am convinced we must go much farther. I propose we phase in a system of accreditation for all public schools. We must create standards so that every public school meets the basic requirements needed to provide a good education.

Assemblywoman Chris Giunchigliani has requested a Bill Draft to begin this process. We should work together to support legislation to provide Nevadans the assurance they need to continue to invest in our children's future.

Our goal is to prepare more of our Nevada students to take advantage of the

high caliber education our Universities and Community Colleges offer. Let me take a moment to highlight some of our system's accomplishments. The Reynolds School of Journalism at UNR is home to five Pulitzer Prize winners - - Stanford only has two. Yale University ranks UNR's Mackay School of Mines as among the best of its kind. UNLV has increased the number of graduate students by 10 percent in one year alone. UNLV professor Rebecca Mills was named Professor of the Year by the Carnegie Foundation for the advancement of teaching.

These are just some of the many accomplishments of our higher education system. One way we can help our universities grow and compete is to support their needs for more facilities. I propose we spend \$16.2 million for a new education building at UNR as well as funding the planning and design for a new library at UNLV. Additionally I ask you to support me in providing increased funding for higher education that allows for continued enrollment growth and returns the faculty-student ratio to the levels before the recession of two years ago.

Beyond our state's borders there are clouds, and none are darker than those that come from Washington D.C. Once again, Senators who care little about our state or its people are plotting to make Nevada the nuclear waste dump of the country. This time, they strip any pretense of fairness and science, and simply declare that their plans for a repository have failed and so we should now accept a

far less safe alternative: They call it "interim storage" we know it as a permanent disaster.

As long as I am Governor, Nevada will not surrender its rights, submit to foolhardy plans, or buckle to nuclear utility industry pressure. Yucca Mt. is wrong, the Federal Government has run rough shod over our rights, and it will be stopped. It is up to this administration, and this legislature to support our Congressional Delegation's efforts to stop this ill designed strategy.

There are also those in Washington who, in their quest for ever larger revenues, have cast an eye toward the bedrock of our tourism economy: our flourishing gaming industry. Those efforts to impose a Federal Gaming tax were successfully turned back last year and more than 30,000 Nevada jobs were saved. But we must remain on guard. We must also be careful to ensure that gaming remains a state issue, under state legislation and not fall victim to the tax and regulate schemes on Capitol Hill.

In Washington, they are beginning a great debate on Welfare reform. As we watch from here we will be anxious that "reform" back there does not result in more taxes here.

We will not wait for the Federal government to get its act together. We are

already making significant progress toward turning welfare into a temporary helping hand and away from a way of life. The key to getting off the welfare roll, is to get on the payroll. Working together with business, we are creating the best welfare program in the world: jobs.

We will shift the focus of the initial interview to include an assessment for not just eligibility, but also employability. That will include a discussion of skill assessment, job opportunities, and supporting resources to get even more Nevadans back to work.

We will expand the Employment Training Program for those already on welfare. We currently train and employ 3000 Nevadans on welfare; we will double the number of people trained and employed to 6,000.

Working together with the new MGM we trained and they hired more than 800 Nevada welfare recipients, more than 75 percent are still on the job. We are already at work with the upcoming Silver Legacy, also known as Project C, to duplicate this success. We have to continue to find ways to form partnerships with existing and new corporations throughout Nevada. It's better for the taxpayers, it's good for business and it is great for the children who see their moms and dads working and independent.

The taxpayer alone cannot bear all the burdens. That is why I continue our efforts to improve the collection of child support payments. We will increase enforcement personnel, and create a statewide computerized information network to track down and hold accountable parents who are not living up to their obligations.

Responsibility to our children must include a fundamental change in our laws to make it paramount, that in legal proceeding the safety of the child is of primary importance. No longer should judges and officials be bound by senseless rules that fail to protect children and force them to send children back to abusive or violent families. The child's best interests should come first. This change is supported by the State's juvenile court judges and a bipartisan effort of legislators including Assemblymen Vivian Freeman and Peter Ernaut and Senator Ernie Adler.

We have the resources throughout this state, to provide children and their families with support and assistance in times of need. But, often it is a confusing maze to people in a time of crisis. Government should as often as possible make certain that when the people need us, access is as easy and convenient as possible. Here in Nevada we have seen the great success of Family Resource Centers that bring together the private and public social services that serve families. These centers are a great example of public and private cooperation. With the assistance the Centers provide, families can grow and become strong. I

am proposing funding, to assist in the opening of more Family Resource Centers in areas in which the greatest needs exist. We can help families to learn to help themselves by providing localized neighborhood centers where the resources they need are available.

I end tonight as I began, with a call to make this legislative session a successful experiment in bipartisanship. Let it be written and said at the end of this session -- In May, that despite division, despite the difficulty of the task, and despite the pundits' barbs, we rose to the occasion. That in measures great and small we worked to make Nevada a better home for our people. There can be no better legacy.