

**MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Eighty-second Session
April 26, 2023**

The Senate Committee on Government Affairs was called to order by Chair Edgar Flores at 3:53 p.m. on Wednesday, April 26, 2023, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Edgar Flores, Chair
Senator James Ohrenschall, Vice Chair
Senator Skip Daly
Senator Pete Goicoechea
Senator Lisa Krasner

STAFF MEMBERS PRESENT:

Jered McDonald, Policy Analyst
Heidi Chlarson, Counsel
Suzanne Efford, Committee Secretary

OTHERS PRESENT:

Ben Kieckhefer, Chief of Staff, Office of the Governor
Marlene Lockard
Daniel Stewart
Josh Hicks, Chair, Nevada Taxpayers Association
Mary Beth Sewald, President, Vegas Chamber
Maureen Schafer, Executive Director, Council for a Better Nevada
Jim Wells, Deputy Chief of Staff, Office of the Governor
Terry Reynolds, Director, Nevada Department of Business and Industry
Chris Sewell, Director, Nevada Department of Employment, Training and Rehabilitation
Timothy Galluzi, Chief Information Officer, Administrator, Enterprise IT Services Division, Nevada Department of Administration

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Jack Robb, Director, Nevada Department of Administration
Mandee Bowsmith, Administrator, Division of Human Resource Management,
Nevada Department of Administration
Amy Stephenson, Director, Office of Finance, Office of the Governor
Ann Silver, Reno + Sparks Chamber of Commerce
Tessa Laxalt, Nevada Trucking Association
Miles Dickson, Nevada GrantLab
Sondra Cosgrove, Vote Nevada
Scott Muelrath, Henderson Chamber of Commerce
Terry Graves, Nevada Manufacturers Association
Andrew MacKay, Nevada Franchised Auto Dealers Association
Tray Abney, Nevada Federation of Independent Business
Mac Bybee, Associated Builders and Contractors, Nevada Chapter
Glen Leavitt, Nevada Contractors Association
Connor Cain, Las Vegas Global Economic Alliance
Kristina Kleist, Latin Chamber of Commerce, Nevada
Sarah Collins, Nevada Petroleum Marketers & Convenience Store Association
Steven Cohen
Annette Magnus, Executive Director, Battle Born Progress.
Alexander Marks, Nevada State Education Association
Ross Armstrong, Executive Director, Nevada Commission on Ethics
Andy Donahue, Southern Nevada Laborers-Employers Cooperation and
Education Trust
Catherine Nielsen, Executive Director, Nevada Governor's Council on
Developmental Disabilities
Amber Falgout
Emily Persaud-Zamora, Executive Director, Silver State Voices
Dora Martinez, Nevada Disability Peer Action Coalition
Jennifer Willett, Grassroots Manager, All Voting is Local
Kelly Wuest, Administrator, Commission on Postsecondary Education, Nevada
Department of Employment, Training and Rehabilitation
Andrew LePeilbet, Chair, United Veterans Legislative Council

CHAIR FLORES:

I will open the hearing on Senate Bill (S.B.) 431.

SENATE BILL 431: Revises provisions relating to governmental administration.
(BDR 18-1089)

BEN KIECKHEFER (Chief of Staff, Office of the Governor):

Senate Bill 431 is Governor Joe Lombardo's Modernization and Innovation Act. This bill has numerous provisions spanning a wide range of government functions. It is designed to make the Executive Branch of government more efficient and effective in its operations and functions. Governor Lombardo believes that at its core State government is a service organization. As such, we as State employees provide service to the people and businesses of Nevada, and we should do so at the lowest cost and with the greatest efficiency.

Unfortunately, over the years, the operations of State government have grown stale. There are too many restrictions on how it operates. It is too difficult to hire people. It is a burdensome, paper-intensive process to make simple, low-dollar changes to legislatively approved budgets. There are strong disincentives to seeking federal grants. Our workforce development infrastructure is diluted. We have serious salary compaction within State employee pay scales. As the State's budget grows, it needs to save more for a rainy day.

Those are a few of the issues S.B. 431 seeks to address. They are not new problems. Issues surrounding the drawdown of federal grants have existed since at least 2011 when, as a freshman in the State Senate, I sponsored legislation to address one of the issues we are looking at today. Here we are in 2023 trying to address the same problem; nothing has really changed. Change is good. We must modernize State government if we want to respond quickly to the problems its constituents face and address the broader needs of our State.

This bill aims to make the State more nimble, strategic and responsive. Governor Lombardo believes these traits should embody Nevada State government. Many of these issues are both well-known and persistent.

MARLENE LOCKARD:

From 1995 to 2000, I was the Chief Information Officer or Director for the Division of Information Technology Services for the State. I served in that capacity under both Governor Bob Miller and Governor Kenny Guinn.

I recently listened to the hearing on the status of the Smart 21 project and felt compelled to speak out. It appeared that many of the commonly accepted best practices adopted years ago in this State in software development had been abandoned or were being discussed as a brand-new concept. A critical proposal

contained in S.B. 431 is to take the Chief Information Officer and the technology function out from under the Nevada Department of Administration to report directly to the Governor. The complexity and rapidly evolving nature of IT requires specialized expertise and resources. The creation of an independent office for information technology to support State government is a vital step toward building an efficient, effective and innovative IT ecosystem. It will enable State agencies to leverage the full potential of IT to enhance service delivery, drive innovation and achieve better outcomes for citizens.

One of the first initiatives I undertook as the State Chief Information Officer was to move the Division from the Department of Administration and create an independent Department of Information Technology to better facilitate and coordinate collaboration among State agencies aligning IT projects standards and policies. The Department eliminated most of the duplicative silos operating in isolation. It met extreme resistance from State agencies and the age-old turf battles that end up being costly to the State.

It streamlined the IT procurement process. In fact, it had its own contract staff who developed expertise in technology contracting. It would never have approved a time and materials contract for an IT project. It tried hard for its deputy attorney general to have specific expertise in IT contracting. As a result, it implemented mandatory project management training and created a competency center. It also assigned and contracted independently with a quality assurance vendor to oversee software development by award-winning contractors. As a result, Nevada was recognized by the Center for Digital Government and The Progress and Freedom Foundation as the leader in using innovative technologies to better serve its citizens, ranking Nevada among the top ten states in the Nation.

An independent office can ensure greater accountability and transparency in IT governance, procurement and project management. It can establish clear performance metrics, reporting mechanisms and oversight structures to ensure IT investments are aligned with strategic goals and taxpayer dollars are spent effectively and efficiently.

As a result of the decision to put the IT Department back under the Nevada Department of Administration, I submitted my resignation letter that day. Ironically, the person who made that decision happens to be in the room today, but I will leave you to wonder.

DANIEL STEWART:

There are few things I love more than Nevada and its State government. Since I returned home from law school, I have had the chance to work for State government three different times. I worked as a legislative staffer, then for Governor Brian Sandoval and then for Governor Steve Sisolak.

I bring up my experience to highlight the fact that I can say the problems plaguing State government go back decades and transcend partisan divides. In fact, many ideas in this bill were discussed and developed in the previous administration.

Serving on a governor's staff gives one an up-close view of where and how State government falls behind. Too often, senior staffers spend their days dealing with human resources complaints, interagency feuds, jurisdictional blind spots, a total lack of staff resources and many other immediate problems. There is little opportunity for any long-term strategic thinking.

State government, or any government, does not work by having six or seven key staffers walking around the halls solving problems in a short period of time. Generally, the conversations I had were not about solving problems. Often, I would walk to the parking lot at the Grant Sawyer Building with colleagues who were still teary-eyed because of constituent problems they could not solve, did not know how to solve and, consequently, could not explain why to people on the phone.

I am preaching to the choir because I have spoken to many of you and your colleagues during my time in public service who often came forward with similar constituent complaints and issues and found out quickly we did not have the tools to help. We would often get calls about why bills you had worked so hard to pass in the Legislature and make law were not being implemented in the way you expected or why we were not following through on legislative intent. Those were difficult conversations.

I want to be clear. The problem is not caused by our amazing State workers. We are unbelievably fortunate to have so many dedicated and talented public servants who are willing to forego lucrative employment options to serve Nevadans. Quite frankly, State government is held together by its amazing State employees and maybe a little bit of duct tape. It is a miracle that the State makes it through each month without a major issue.

The problem is structural. Nevada's government was built for the 1800s and is trying to run in 2023. The consequences of an ineffective state government is not a burden shared evenly by all Nevadans. Our most marginalized communities or anyone else who cannot afford a lawyer or a lobbyist to help them are hurt the most when government misfires.

Portions of S.B. 431 demonstrate the larger attempt to fix State government and make it work better with specific fixes. First is eliminating the pay cap. For years, State law has said that no State employees in the Executive Branch, except for the Nevada System of Higher Education and the Chief Medical Officer, can make more than 95 percent of the Governor's salary. The Governor's salary is approximately \$140,000. One can make a decent living. The problem is that cap is effective all the way down the pay scale. Senior employees hit their ceilings fast which means their subordinates have to make much less. It is hard to move the system forward. The result is the State is unable to hire and retain employees, often losing many to local governments and the private sector. Whenever a new State agency was created, its employees would get a pay increase. As the pay went up, a State agency would lose employees to another State agency. Removing this cap will allow the State to recruit the best and the brightest.

We are not just talking about senior executives. People working for the Public Utilities Commission of Nevada and the Nevada Gaming Control Board who are certified public accountants, have engineering degrees and other high-level degrees, could make more in the private sector but are stuck at that level because of the pay cap.

Other portions of the bill enhance removing the pay cap by allowing agencies to have more financial flexibility on how they deal with their staffers. One of the most frustrating things is agencies with high vacancy rates, high amounts of salary savings and little ability to spend, trying to either keep employees who were getting other offers or recruiting new people.

The last year I was working with Governor Steve Sisolak was spent mapping workforce development. Bits and pieces of it are in eight different agencies, often with different and independent funding streams, and different and sometimes competing mandates. This bill will finally combine them all into a single department. It would be a big step forward for workforce development.

Sections 19 and 20 of the bill would create the Office of Nevada Boards, Commissions and Councils Standards which will bring all boards and commissions into the Office with the Department of Business and Industry. Substantively, I have my own issues with the way boards and commissions work. There are often barriers to entry with no rhyme or reason and bipartisan pushback. I commend some of the work the American Civil Liberties Union has done this Session to raise this issue. However, sometimes it misses the mark between protectionism and protection.

Before we tackle any of the substantive issues about boards and commissions, we must reform the structural problems. Many boards and commissions believe they operate somewhat independent of the State. There is no uniformity where uniformity is needed. There is a need for a State uniform standard with State oversight. These agencies are clothed with State power and authority. They are the State's responsibility so they should be accountable to the State.

JOSH HICKS (Chair, Nevada Taxpayers Association):

The Nevada Taxpayers Association (NTA) represents the interests of taxpayers throughout Nevada supporting policies that promote governmental efficiency, accountability, fiscal responsibility and common sense. The NTA supports the general policies and concepts of S.B. 431 as a welcome effort to modernize and better organize State government for today and the future.

As Nevada continues to grow and develop a more diverse economy, it is imperative that State government utilizes modern technology and is staffed by experienced professionals. For decades, State workers have left their positions after only a few years for higher-paying jobs with local governments or in the private sector, leaving the State in a cycle of refilling those positions with new personnel only to lose them over and over. We see this reality reflected in the State's staff high vacancy rate.

Taxpayers are better served when the State can recruit and retain experienced and qualified people. The elimination of the State employee salary cap in *Nevada Revised Statutes* (NRS) 281.123 will go a long way toward allowing the State to find and keep qualified personnel, particularly in positions requiring specialized expertise. Changes to the annual leave policy will entice personnel to remain in State positions. The NTA also supports the modernization of the promotion system to rely more heavily on education and experience instead of examinations.

A modern, efficient government also requires the prioritization of technology. The elevation of the role of the Chief Information Officer and the Division of Enterprise Information Technology Services is a big step forward in the modernization of State government.

The NTA also supports policies promoting increased savings in the Rainy Day Fund. Nevada's economy is heavily dependent on tourism and as such is cyclical. The State needs to expect revenues will fluctuate and do what it can to avoid commitments to recurring expenditures when revenues are high, just as it needs to avoid drastic spending cuts when revenues are low and government services are most needed. The way to smooth out the inevitable revenue swings is through increased savings during periods of high revenue. This bill accomplishes that goal by allowing more money to be saved and by relying on Rainy Day Fund recommendations from the State's Economic Forum based on historic experience from periods of financial instability.

Overall, the NTA views the policies and concepts within S.B. 431 as beneficial to Nevada taxpayers and supports the bill.

MARY BETH SEWALD (President, Vegas Chamber):

The Vegas Chamber supports S.B. 431 because it would reform State agencies and operations in significant need of modernization. The Vegas Chamber has engaged in numerous task forces, committees, working groups and studies over the years to discuss how Nevada can modernize its operations. It is time to take meaningful action.

Reducing inefficiency and increasing government accountability is essential in effectively serving constituents and taxpayers. This bill does both. One of the most beneficial improvements for both employers and employees is reforming the Department of Employment, Training and Rehabilitation (DETR) and modernizing it with the proposed Department of Workforce. Nevada needs a centralized approach to workforce development throughout the State, and the Department of Workforce is the correct solution.

Creating the Office of Nevada Boards, Commissions and Councils Standards will streamline how Nevadans can get involved and will create a clear, concise and uniform system for board appointments. As a chamber CEO, I utilize similar best practices and standard operating procedures to run the Vegas Chamber. Reducing the number of councils and committees makes sense as well. Many of

these groups are either duplicative, not convening, have served their purpose or are not needed anymore.

Additionally, the Chamber supports increasing the cap of the State Rainy Day Fund from 20 percent to 30 percent. Nevada needs a Rainy Day Fund with adequate resources set aside to continue to provide services during times of need.

The Chamber is also supportive of eliminating the requirement that State employees cannot be paid more than 95 percent of the Governor's salary. This outdated policy is hurting the State by making it harder to recruit and retain the best talent available. The policies in S.B. 431 offer well-balanced solutions to modernize our State. These changes will serve Nevada's workers and families as well.

MAUREEN SCHAFER (Executive Director, Council for a Better Nevada):

In the course of the Council for a Better Nevada's work pursuing progress on many issues, it has listened to governors and their teams, the Legislature, State agency leaders and staff, various constitutional offices and others. All have voiced their struggle with antiquated legacy systems and infrastructure that further hindered them in problem-solving and in the delivery of services to Nevadans.

Government modernization is a bipartisan issue. We all live and function from the same platform. It takes power, opportunity and the future away from all of us should we fail to embrace continuous improvements like other states do. We have to understand it is important that systems stay competitive and relevant. We looked at other states like Ohio Governor Mike DeWine who turned to "amazoning" his state services during COVID-19 through digital retail upgrades to enable assistants to continue to access their government. Years earlier, former Arkansas Governor Asa Hutchinson consolidated vast multiagencies into a more compact and better-flowing organization that increased decision-making and ensured public services were reaching citizens.

We support these improvements like the boards and commissions and the pay improvements as previously discussed. Modernization in other states, similar to what is in this bill, is alive, innovative and well-utilized across state governments.

As elected officials, you are constantly reminded that many of the old answers no longer fit the new questions that emerge. It is imperative that you provide those who work in these systems with a platform and an organization that enables and encourages their best ideas and solutions to come forward. This is how we take care of each other. The best solution in a struggling system will never see the light of day.

Listening to you and your elected predecessors, the Council has contemplated and worked on the idea of modernization for nearly 20 years and aggressively supports S.B. 431. This is an exciting start for all of us. Please pass this bill.

MR. KIECKHEFER:

We have submitted Proposed Amendment 3618 ([Exhibit C](#)) to S.B. 431.

This bill has many provisions to achieve certain things. There has been a significant amount of talk throughout the course of the Legislative Session over State employees. The State needs to take better care of its employees. It also needs to create more efficient ways to get employees on board, promoted and given chances to succeed within the State employee structure.

The talk of the salary cap has often been discussed. We have decided to tackle it because it is creating serious compaction issues on the State employees pay scale. It is difficult to consider raises for employees before they start making more than their supervisors. The downward pressure that comes with the pay cap is incredibly problematic as the State evaluates increases and pay for its employees and what that does to supervisory positions. It is important to ensure supervisors still make more than their subordinates, with the exception of the Governor. Eliminating this antiquated cap will help the State create a more effective pay structure for all State employees to maintain the differential between supervisor and subordinate and pay people, not always what they can demand in the private sector, what will bring them into State government.

One of the Governor's first executive orders directed the new Department of Administration Director, Jack Robb, to review what is creating the significant employee vacancy rate within State government. Through his process, he came back with a proposal to overhaul NRS 284 that talks about hiring State employees. This changes the process to an evaluation of experience and education rather than an examination. The laws surrounding State employees were written seemingly under the presumption that everyone wanted to work

for State government and the State would be fighting people off. That is not the case. The State needs to be more efficient and nimbler in how it brings people into government.

The ability to double the amount of accrued leave from 30 days to 60 days is appropriate for State employees and will allow them to take annual leave within the first six months of employment. If one is hired by the State now, one is not allowed to take a day off for six months despite the fact one has accrued time. That is inappropriate.

SENATOR DALY:

When you talk about removing the cap, which is not the worst thing in the world, will it be eliminated? Will the Governor's salary be raised so no one is above the Governor?

MR. KIECKHEFER:

The Governor's salary is about \$170,000 per year. State employee pay scales are banded on a step-and-grade scale. Salaries are fixed within that scale for classified employees. Unclassified employees are funded within the unclassified pay bill. A limited number of nonclassified employees report to Constitutional Officers. Within those three categories, the ones that are fixed and having the greatest number of problems are within classified service that often bump up against those in unclassified service. There is no intent to increase the Governor's salary, nor do I think we could. The dynamics between nonclassified, unclassified and classified employees would remain in place.

SENATOR DALY:

The dynamics stay in place and the Governor stays where he is, but when you talk about increasing pay, who decides that? Is there a process? Will that come through the Legislature? Is it in the budget somewhere? Obviously, giving the authority in the bill is not the end of the road. That needs to be explained or written down. I have often heard the intent was such and such. I do not care what the intent is. What do the words say?

MR. KIECKHEFER:

The top of the pay scale for unclassified employee salaries is set by the Legislature in the unclassified pay bill. It is one of the five big budget bills that gets approved by the Legislature every two years. So those are fixed. Employee pay scales happen in a number of ways. Negotiated collective bargaining

agreements set some of these scales. As cost-of-living adjustments get approved, those scales increase or decrease.

SENATOR DALY:

That is what I want to understand. There is an existing process to go through on how rates are set and raising the highest levels of the caps to what the Governor makes. That gives room for the employees underneath which also has a process on what classified people get with collective bargaining mixed in.

JIM WELLS (Deputy Chief of Staff, Office of the Governor):

We are facing issues with the 95 percent cap and the 8 percent and 10 percent raises proposed in the Governor's budget. Department directors, with the 10 percent increase in their salaries, would be bumping up against that cap. They would not necessarily receive a secondary raise, the 4 percent in the second year, whereas their deputy directors would. That compaction would keep going as the cost-of-living adjustments come in because the Governor's salary does not increase, except at the end of every term. The 95 percent cap creates that issue even if nothing is done other than continuing the pay bill as written and the cost-of-living adjustments included in the Governor's budget.

MR. KIECKHEFER:

The second big piece of the bill relates to State fiscal management. There was a significant discussion in earlier testimony regarding the State's Rainy Day Fund. The Rainy Day Fund is capped at 20 percent of General Fund appropriations. Our proposal is to increase that to 30 percent. The Governor has fully funded that increase within his budget request using cash on hand to max out the Rainy Day Fund. By the end of the biennium, the State would hit that 30 percent cap. That is appropriate as we look to the future and ensure the Rainy Day Fund is funded to a level that can sustain the State through a future downturn. In recent special sessions, the State has seen how quickly it can run through the Rainy Day Fund and still have to make incredibly painful cuts to operations of State government. Providing a stable and sizeable savings account for the operations of State government makes sense. The Governor has fully funded that in his budget.

The bill also revises the calculation for deposits to the Rainy Day Fund. Statute outlines a 1 percent trigger for General Fund revenues and a trigger when ending fund balances come in greater than 7 percent. Forty percent of anything above the 7 percent is transferred to the Rainy Day Fund. This bill creates an

escalator so any fund balance greater than 9 percent transfers a larger portion of that excess to the Rainy Day Fund. Then it triggers at 12 percent and 15 percent. We are creating an escalator so more of a greater ending fund balance is transferred into savings.

The Office of the Governor also wants to take a greater review of the Rainy Day Fund. This bill charges the Economic Forum with creating a stress test for the State to truly look at what it would have taken to sustain it through recent downturns and try to appropriately size the Rainy Day Fund based on historical experience. The 30 percent figure we have calculated is appropriate. It also makes sense to go back and ask the panel of economic experts used to project the State's General Fund revenue what might be needed for future downturns based on historical experience. This charges the Economic Forum with creating that stress test which is an appropriate role for that body.

In the 10 percent increase from 20 percent to 30 percent, the Governor has proposed dedicating 5 percent of that to the Nevada Way Account. This Account is dedicated to helping fund transformative projects to help the State reduce its reliance on its existing tax structure and diversify the economy. These could be critical infrastructure projects, public-private partnerships or public-public partnerships, but it provides a flexible bucket of money the State would use throughout the Interim to help grow the State in appropriate ways.

The Nevada Way Leadership Advisory Committee would also be created. This was originally devised to have a governance committee that included Legislators and the Governor. It was pointed out that was probably unconstitutional based on separations of powers, so an advisory committee was created. Ultimately, those decisions will be made by the Governor.

This bill does a couple of things when it comes to the receipt of federal funds and grants. It contains a legislative pledge not to require State agencies to give back General Funds when they draw down federal grants. Through the Authorizations Act, what is generally referred to as section 7 reversions says that if a State agency draws down a federal grant that funds an objective otherwise funded with General Funds, it is required to revert those General Funds to the State. It serves as a strong disincentive to applying for federal grants considering the amount of work that goes into that application.

Additionally, this bill increases the threshold for Interim Finance Committee (IFC) approval of federal grants before they can be expended. It clarifies that the function of the IFC is not to interfere with Executive Branch functions of State government. It increases thresholds for changes to appropriations previously authorized by the Legislature through the full session. It increases initial changes to budgets from \$30,000 to \$100,000 and cumulative changes would increase from 10 percent to 25 percent or up to \$500,000. It also removes the IFC from approving federal grants booked into nonexecutive budget accounts. Those items relate to State fiscal management in this bill.

Regarding the Governor's Office, the bill requires the appointment of a Chief Information Officer and extracts that position from the Department of Administration where it resides. Often, this position is codesignated with the Director of the Division of Enterprise Information Technology Services. This proposal elevates that position out of the Department of Administration, puts it into the Governor's Office and charges it with additional responsibilities for strategic innovation.

This bill creates and requires the appointment of a Chief Innovation Officer for the State. As outlined in the bill, this position will focus on much of the strategic vision as it relates to State operations and employee management. It talks about State human resource functions and creating a long-term stable workforce for the State.

When it comes to workforce, reference has been made to the change from DETR to the Department of Workforce. This proposal is designed to consolidate all the various workforce components in State government into a single department and ensure it is coordinating and functioning collaboratively to streamline the workforce needs of the State. Importantly, this bill creates a transitional period for the Director of Workforce to evaluate the needs following this change and come back to the Legislature in 2025 with any additional requests for statutory changes.

Another component of the bill relates to the Office of Boards, Commissions and Councils Standards which would be created within the Department of Business and Industry. Getting all boards and commissions into a single house can create efficiency, consistency and greater transparency and reliability on the operations at the back end of those boards and commissions for public noticing and records. This does not change any board's authority, revenue structure or

staffing. This is an effort to consolidate administrative functions to create consistency throughout the State.

This bill proposes to limit the Governor's emergency declaration powers to 90 days. The Governor talked about this during his campaign. It is important to be consistent on what the Governor campaigned.

Significant discussion in previous hearings primarily related to the budget regarding the creation of cabinet secretaries. Proposed Amendment 3618, [Exhibit C](#), removes those cabinet secretaries from the Office of the Governor. That is probably the biggest change in the amendment.

CHAIR FLORES:

Proposed Amendment 3618, [Exhibit C](#), section 8, lines 8, 9 and 10 read, "The Governor may, within the limits of available money, employ such persons as he or she deems necessary to provide an appropriate staff for the Office of the Governor." That is a broad line. If that is in NRS, why do we need to add "Such staff and employees include, without limitation, executive staff, administrative and clerical staff"? My understanding is this can be done now. Why is this language being added?

MR. KIECKHEFER:

You are correct. We had originally included this section to designate cabinet secretaries because they were being outlined in previous sections of the bill. However, law gives the Governor broad flexibility in how he creates his staff. All of these positions can be and often are created under prior administrations.

SENATOR DALY:

It is a question of the Legislative Branch versus the Executive Branch. I am trying to avoid "crossing the streams." We need to keep that separation. If you are setting up something like this for the Governor's staff with no framework behind it, the Legislature does not dictate what the Governor's staff can and cannot do. This is "crossing the streams."

MR. KIECKHEFER:

Just as the Legislature does not want the Governor telling it how to staff its branch of State government, the Governor does not want the Legislature telling him how to staff his office. If your desire is to take these pieces out to ensure we do not cross the streams, I am comfortable with that.

SENATOR DALY:

I understand the Division of Enterprise Information Technology Services is under the Department of Administration. Ms. Lockard said as soon as they did that, she resigned. Is it not doing a good job? It is still part of the Executive Branch. It has staff, a direction and legislative authority. The Legislative Branch sets policies that appropriate the money. The Executive Branch is supposed to carry out the policies established by the Legislature. Where is the breakdown? Why is it not doing what it is supposed to?

MR. KIECKHEFER:

I misunderstood your last question, Senator Daly. Offices are created within the Office of the Governor throughout statute. They may not be specifically referenced in this bill such as the Governor's Office of Finance and the Governor's Office for New Americans. Different offices have been created by legislation over time. They are created based on a policy of the Legislature to elevate an issue into an office within the Governor's Office. Our position on the Division of Enterprise Information Technology Services is its importance for elevation based on IT needs of the State. Giving it that additional direct reporting to the Governor's Office rather than through another layer in the Department of Administration brings it to a level of prominence.

SENATOR DALY:

I appreciate that. However, within the Governor's Office on Economic Development, a structure authorizes what it can do. It cannot just do whatever the Governor says. It has rules it must follow. I do not see any of that for this or the board and commission positions you are trying to start.

You are not proposing a structure for the Legislature to approve or disapprove. You are saying give us this new Office to be over people, and it is going to do something. Apparently, it is in the Office of the Governor so it can do what the Governor says. That is crossing the streams.

MR. KIECKHEFER:

There is some structure in this Office within statute. We are not proposing to eliminate that in this bill.

MR. WELLS:

Section 8 of the bill clarifies that the Chief Information Officer is created within the Office of the Governor. It is removing the Division of Enterprise Information

Technology Services from the Department of Administration and moving that entire division, as an office, under the Governor, similar to the Office of Finance. The structure is already in statute. Conforming language to move all those provisions—sections 23 through 27, 43 through 51, 54 through 64, 116, 121 and 130—puts them under this new office in the Office of the Governor. The structure remains the same. It is just elevated to a cabinet-level department as opposed to a division within an existing department.

SENATOR DALY:

If we have all of that and a person to do all of this, what is happening? It is part of the Executive Branch. Why is it not working? Why do you want to create this new office within the Office of the Governor?

I have never been a fan of that, but that is a different story. If we already have it, we already have it. What are we fixing by doing this?

MR. KIECKHEFER:

The effort is to elevate the significance of the office and get a person into the position who is more actively and directly engaged with the Governor and the Office of the Governor. There will be more regular levels of communication. The needs of the IT infrastructure of the State will take a more prominent role in the discussions at the highest levels of government. When that happens, you are likely to see greater attention paid to it by that Office.

SENATOR DALY:

Understood, but I am sure the Governor has the phone number of that person. He can talk to him anytime he wants.

MR. WELLS:

Language in section 8 of the bill allows the Governor to appoint a Chief Information Officer who may be a different person than the administrator of Enterprise IT Services. It has not always been the case, but two different people may have a difference of opinion which creates a conflict within the IT piece. This combines that into a single office instead of having two separate people with two separate roles.

SENATOR GOICOECHEA:

I am a little confused as I listened to the conversation going back and forth. I understand you are rearranging the deckchairs. That is how I look at it. But in

most cases, it does not matter which department we are talking about, the director serves at the pleasure of the Governor. The Legislature sets the budget, but those duties are defined by the Governor. All you are doing is rearranging some of these departments. Some of them I like; some of them I wonder about. But the bottom line has us talking about who those department heads report to. It looks to me like it is a cleaner path. Ultimately, the Governor selects department heads.

MR. KIECKHEFER:

The Governor appoints the director of the Department of Administration, the director of the Department of Administration appoints the administrator over the Division of Enterprise Information Technology Services. It is two steps to get to the Governor at this point. The administrator does not report directly to the Governor, he reports to the department director. This moves it into a parallel path so there is a direct line of sight.

SENATOR GOICOECHEA:

The Director of Administration would report to this new position in the Governor's office. Correct?

MR. KIECKHEFER:

The Department of Administration remains. We are moving this IT division out from the Department of Administration and making it an office within the government.

CHAIR FLORES:

Proposed Amendment 3618, [Exhibit C](#), page 16, lines 8 through 26 relate to the appointment of the Chief Innovation Officer. Would you walk us through that? There is a lot in there, and you are looking at a ten-year plan. Would you discuss where we are today and what this bill is fixing?

MR. KIECKHEFER:

The Chief Innovation Officer would be responsible for section 8, subsection 4, paragraphs (a) through (f). The Chief Innovation Officer would be someone who can think strategically about the long-term human resource needs of the State. The Chief Information Officer thinks about the State's IT needs. The Chief Innovation Officer thinks about the personnel needed for the State.

Earlier this week, the money committees approved a new pay study for the State. Through the budget process, the State has been experiencing issues that have grown over time because it has not had a strategic plan for State employee management. For example, field service officers have similar jobs in DETR, the Department of Motor Vehicles and the Division of Welfare and Supportive Services but with different pay grades and pay scales. They transfer between the different departments to get a small salary increase, thereby leaving one department at a loss to another department's gain. This bill will address these inefficiencies in the personnel system. The Chief Innovation Officer will identify and remedy these issues. The idea is to have someone in State government who will think about the long-term needs of the State's workforce.

Division of Human Resource Management within the Department of Administration is an operational division tasked with the new requirements of collective bargaining.

SENATOR DALY:

This measure would allow the State to hire staff to do what it needs to do. However, the State can do that now by hiring someone who would be thinking strategically long term to do everything you mentioned within the process. I am still not seeing it.

MR. KIECKHEFER:

We asked for a significant increase in funding for the Office of the Governor to hire new positions. The Office is structured in a way that almost everyone is a point of contact and a liaison to State agencies. The ability for anyone to sit down and think strategically is undercut dramatically by understaffing in the Office and the ability to keep things functioning on a daily basis. This position would be dedicated to thinking long term for the State.

SENATOR DALY:

Yes, the bill says to the extent funds are available.

Section 14, subsection 2 of Proposed Amendment 3618, [Exhibit C](#), says:

In establishing and administering the Program pursuant to subsection, the Office shall coordinate activities in this State relating to the planning, mapping and procurement of broadband

service in a competitively neutral and nondiscriminatory manner,
which must include without limitation

Some of those requirements come with grant money. Many things must be followed to comply with the grant. But when it says, "competitively neutral and nondiscriminatory," I am sure you are aware of a broadband bill working its way through the Legislature that awards through the grant process, which is allowed under federal rules, and will have a point system. There will be a grading and a point given to contractors that can hire State workers and pay fair wages. There are some labor standards in there. Asking to have labor standards in a scoring process to dole out federal money for the State is not a discriminatory practice. Do you view having a point system as discriminatory?

MR. KIECKHEFER:
No, I do not.

SENATOR DALY:
Would we be able to remove language like that? We want to make sure the money is used to benefit everybody. It is federal money. Money that comes with the grants have recommendations. It is not a requirement, but it was strongly recommended by the administration that labor standards are included such as paying prevailing wage, collective bargaining agreements if appropriate or contractors that are signatories. There cannot be a point system with that language that says, "competitively neutral." "Nondiscriminatory" means that someone has viewed a point system for in-State contractors that pay their people well is somehow discriminatory.

MR. WELLS:
This language is already in NRS 223.610, subsection 5. It is being moved because we are splitting the Office of Science, Innovation and Technology between the workforce component that will go to the Office of Workforce and the broadband component which will move to the Office of Economic Development. We moved it from the Governor's chapter where the Office of Science, Innovation and Technology is now to the Office of Economic Development where this component will reside.

SENATOR DALY:
It should not be.

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MR. WELLS:

Word for word, it is existing language.

SENATOR OHRENSCHALL:

Section 14, subsection 2, paragraph (g) on page 18 of the Proposed Amendment 3618, [Exhibit C](#), states "Collection and storage of data relating to agreements and contracts entered into by the State for the provision of fiber optic assets in this State." Will the data that could be collected and stored be available to the Legislature and the public?

MR. KIECKHEFER:

All of that would fall under public record.

SENATOR OHRENSCHALL:

That gives me more comfort.

In that same section, paragraph (i) regards "Establishing and administering a program of infrastructure grants for the development or improvement of broadband services for persons with low income and persons in rural areas of this State using money from the Account." During the COVID-19 pandemic, getting broadband to families whose children did online school was a crisis we were worried about, especially for constituents without reliable Internet who were not able to log in. Will there be any input into this program from either the statutory Joint Interim Standing Committee, such as Growth and Infrastructure, or the Legislature? Is this going to be solely run through this Office under the Executive Branch?

MR. WELLS:

As the Office of Science, Information and Technology works through the broadband structure, it is going out in phases. The last part will be working toward getting information. Director Brian Mitchell, Office of Science, Innovation and Technology, Office of the Governor, gave a presentation to the money committees as part of his budget on how this process works to get broadband to families.

CHAIR FLORES:

In section 14 of the amendment, how do you envision the Broadband-Ready Community Certification Program working? I am not pretending to be comfortable in this arena. Would you simplify it for me?

MR. WELLS:

Director Brian Mitchell has a presentation on his vision, which is combining all federal money coming in and how it dovetails into getting broadband built out for the State. I am not the expert in this area. We can get a copy of the presentation he has done for the finance committees that includes a mapping of what he expects it to do.

CHAIR FLORES:

Okay, fair enough.

SENATOR DALY:

Section 12 of the bill amends NRS 223.630 which is in the Office of the Governor. Section 12, subsection 2 deletes "Except as otherwise provided in NRS 223.660" and now says "Any money accepted pursuant to NRS 223.620 must be deposited in the Account." Which account is that?

There are three different sections of NRS and three different rules, and you are eliminating NRS 223.660 which says it is supposed to go into the Grant Account for the Program for Broadband Infrastructure. If the Office of Science, Innovation and Technology accepts a grant or a gift or whatever it might be, into which account does the money go?

MR. WELLS:

Section 12, subsection 1 states "The Account for the Office of Science, Innovation and Technology is hereby created in the State General Fund." That is the account all those gifts, grants, et cetera, go into.

SENATOR DALY:

Is that established in NRS 223.630 or NRS 223.620?

MR. WELLS:

It is the account established in NRS 223.630.

SENATOR DALY:

Then under subsection 2 "Except as otherwise provided in NRS 223.660 ... ," which is being deleted, what does NRS 223.660 do with the money? *Nevada Revised Statutes* 223.660 requires it to go somewhere and do something.

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MR. KIECKHEFER:

I will follow up with you on that one.

SENATOR DALY:

All right, if you can follow up on that because the way I am reading this, there are requirements. It is supposed to go into the NRS 223.630 account, but now it says it is going to go into the NRS 223.620 account.

CHAIR FLORES:

Sections 19 and 20 in the bill deal with the Office of Nevada Boards, Commissions and Councils Standards. What is the mindset? This will create rules across the board. What is the issue now, and what will these sections of the bill fix?

MR. WELLS:

It is attempting to fix the result of the 2015 U.S. Supreme Court decision which does not extend the Sherman Antitrust Act immunity to boards and commissions governed by a majority of members who are licensed by the board they sit on without active supervision. The Federal Trade Commission and subsequent legislation is trying to define what active supervision means. Active supervision needs to be done by independent persons not subject to licensure of the board or the people they are regulating.

This would allow for the new Deputy Director of the Department of Business and Industry to have that kind of oversight over these boards to extend the antitrust safety net the State enjoys to the boards and commissions.

CHAIR FLORES:

I appreciate that and maybe you can flesh it out a little more. I appreciate where it is coming from. What is the oversight of these boards and commissions today?

MR. WELLS:

The Governor has appointment responsibility for the boards and commissions. Most of the membership requirements are outlined in the statutes for each licensing board. Most of them are subject to the Administrative Procedure Act that comes through the Legislative Commission or Subcommittee to Review Regulations. Those are the two levels of oversight in statute.

Litigation in Louisiana has thrown out the Administrative Procedure Act as being an active supervision of these types of licensing boards and commissions. Another pending lawsuit is in Georgia where the governor's office or a delegate of the governor's office will be given the ability to review regulations proposed by the licensing board. They are currently in court because that is not considered active supervision. It is considered a perfunctory review without substantive ability to veto or modify regulations proposed by the regulatory agent licensing board.

SENATOR DALY:

Boards and commissions will be under the Department of Business and Industry. The Department of Business and Industry has many divisions and commissions. Each one has its own statute and structure.

Where is the underlying statutory authority for the Office of Nevada Boards, Commissions and Councils Standards? That authority would have to pass through the Legislature to determine what it is required to do. If you are trying to create this as a department in the Office of the Governor, where is the rest of the structure? I am not seeing sufficient oversight on what it is supposed to do.

MR. KIECKHEFER:

All the boards listed in the bill have the statutory reference by which they were created by the Legislature. We are not amending the existing statutory structure, authority or power of the individual boards. This is about coordination. If we were to list all of the specific charges of each of these boards, the bill would be as long as the NRS.

SENATOR DALY:

We do not want that. Sections in NRS lay out what the Department of Business and Industry does and what it is over. This would be a division under the Department of Business and Industry, but it has no underlying structure.

TERRY REYNOLDS (Director, Nevada Department of Business and Industry):

The Department of Business and Industry oversees 23 boards and commissions. Thirteen of those deal with policy. For example, the Department of Business and Industry has no substantial input into the policy issues done by the Real Estate Commission. It does not get involved in its cases. It does not tell it how to operate. The Department does not tell the Taxicab Authority what it needs to do. It develops its own policy standards independent of the board's. They are

policy experts in that they have individuals who are appointed by the Governor. It is important to understand the Department does not regulate that policy area. Chief of Staff Kieckhefer mentioned that in his opening statement in terms of what this bill will do.

When the Executive Branch Audit Committee reviewed boards and commissions, it recommended the development of common administration standards. Boards should be using the same administrative standards. However, one size is not going to fit all, but it is important to have standard administrative practices by the boards and commissions. Some are standards for compliance investigations and for hearings. If one is conducting a disciplinary hearing, one should have the same standards for the investigation and for the conduct of the hearings as one has to determine whether someone is to be disciplined.

It is also important to have standardized internal controls because not only does the Department audit those, the Legislature also audits them. The other thing is standards to ensure adequate legal representation for policy boards.

Transparency in consumer protection is also important. Recordkeeping of the actions of the boards is important so the public can see what goes on within the board.

Nevada has not been in the forefront of its reciprocity compacts. That is something the State can work on with boards and commissions in looking at where it can adopt compacts and have reciprocity with other states. Arizona, Utah and Wyoming are already doing that.

Occupational licensing is a hot topic. I have read everything from the Brookings Institution, the Council of State Governments Justice Center and the National Conference of State Legislators for their data section and what should happen. We can improve this area because the State needs doctors, lawyers, dentists, engineers and architects. Boards and commissions must have a fair, consistent and efficient process to license people.

That is more of a policy statement, but the State must move forward and modernize regulations.

CHAIR FLORES:

Proposed Amendment 3618, [Exhibit C](#), page 19, lines 12 through 14 say "To the extent permitted by the Nevada Constitution and federal law, all boards, commissions and councils of this State shall be all under the purview of the Office ... " and then there is that voluminous list. That language is not common unless there are known issues. Everything in NRS is always second to the Nevada Constitution and federal law. We would probably have to put a disclaimer in every section of NRS if we went down that rabbit hole. Because it is in the bill makes me think specific scenarios and issues arose in some of these boards, commissions or councils, and we need to make sure we draw a clear line. Can you address if those were identified and how that language came to be?

MR. KIECKHEFER:

The effort is to ensure we are capturing everything. We went through statute to come up with a comprehensive list of what would be eligible. For example, the Public Employees' Retirement System is not included in that list because it was created by the Nevada Constitution and is a standalone State agency. If we missed any and if any are created by the Legislature in the future, they would still be included as long as it is allowable.

SENATOR OHRENSCHALL:

Language at the top of page 19 under paragraph (b) in Proposed Amendment 3618 says, "A uniform set of standards for investigations, licensing and discipline, including without limitation, separating the roles and responsibilities for occupational licensure from the roles and responsibilities for occupational discipline." What are you envisioning? Would you want discipline to be separated from a board under the Department of Business and Industry or do you want it to be a separate group under that board that is not involved with applicants for licensure? I am confused by that language.

MR. REYNOLDS:

That is a tough question to answer because most of the boards have their own processes for how they conduct investigations and administer discipline. We want to ensure a transparent set of standards for what they do. It would be similar to NRS 233B, the Administrative Procedure Act, making sure they have standards for conducting investigations, presenting that information and conducting the hearing. In most cases, that is done internally. When one gets a discipline notice or hears one is being investigated, one will know the standards

for the investigation and the hearing. That is the transparency I was talking about, to be able to conduct those types of activities.

CHAIR FLORES:

Let us move on to the Department of Workforce. What was the vision in changing the name from DETR to the Department of Workforce?

MR. KIECKHEFER:

Revisions were made to this section in Proposed Amendment 3618, [Exhibit C](#).

CHRIS SEWELL (Director, Nevada Department of Employment, Training and Rehabilitation):

The last three years have been interesting for DETR. Certain citizens in this State think DETR is a four-letter word. We need to move on from that. The citizens of Nevada, when they are unemployed, we need to get them re-employed. We need to help them.

The Office of Workforce Innovation puts all of that together from the beginning, whether someone gets laid off, fired or has an issue with childcare, we can bring that under this umbrella. We can help them find a job through JobConnect which is now known as EmployNV. We can retrain them. We can help them with Occupational Safety and Health Administration (OSHA) 10 cards. We can provide training for someone already employed who wants a salary increase or wants to move up.

Someone looking for a job can go to approximately 15 different websites. Some State agencies have forms to fill out, and some of them go right back to DETR. It is inefficient. It does not work. That is why we need to create the Office of Workforce Innovation. We need to move Nevada forward. This puts everything together.

CHAIR FLORES:

It was obviously a big issue; we know DETR was having a difficult time.

How does this transformation address that? How do I go back to constituents and explain what has happened? It took a year and a half for them to get what they were entitled to. It was a difficult time, and now this bill is transforming DETR. There will be new leadership; with this new framework and new guidance, we are not just rebranding. We are doing something meaningful for

human beings who are in the most desperate state. We pray we do not have to live through something like this again, but in the scenario that something major happens, I want to make sure that engaging in this conversation is not just a rebranding but something more meaningful. How will this bill do that?

MR. SEWELL:

When someone walks into an EmployNV office, one will be served by the new Reemployment Division. It is supposed to be a one-stop shop for everything one needs. It is not just rebranding. It puts everything under one umbrella. If individuals need help with an OSHA 10 card, retraining or help in another social service area, it is all done up front. Individuals should never know that behind the scenes, there are 20 pockets of money. They do not care where it comes from, they just want their service. That is what we need to provide. That is what this will do.

This will work. It takes money. Agencies should be helping people instead of sending someone from North Las Vegas to the City of Henderson and then back again. It puts everything under one umbrella and gets the job done.

I want you to go to your constituents and tell them this will make it easier for them to not only find a job they want but to help them have that extra education as well.

SENATOR GOICOECHEA:

I was contacted a lot during the last three years with DETR complaints. I reached out to DETR staff who were responsive. If you can promise me that you will bring it together and it will be better, I am on board.

SENATOR DALY:

Section 21, subsection 4 of Proposed Amendment 3618, [Exhibit C](#), includes the State Apprenticeship Council created by NRS 610.030. I understand you might think it belongs in the Workforce Innovation Division, but I am hesitant to move it from where it has been. It was under the Office of the Labor Commissioner for a long time. Moving it to the Office of Workforce Innovation was a disaster.

People are not sent to the State Apprenticeship Council. The Council oversees apprenticeship programs under federal rules and laws of the State. It does not hire anyone. It can give out information. It has information on its website on

contacting apprenticeship programs. It is where one would go to apply. The Council does not fit the mold you are trying to fit it in.

MR. REYNOLDS:

You are correct. The State Apprenticeship Council approves apprenticeship programs and the components of an apprenticeship. However, we are putting the programmatic aspects of jobs and apprenticeship programs and getting people directed into those programs into a one-stop area through the Department of Workforce. That is the important thing.

We have not had the best success after creating apprenticeship programs, getting people into them and getting grant monies to support those programs. This gives us the opportunity to put that program together in one location.

SENATOR DALY:

I understand, but I am hesitant to move it from where it has worked best.

Section 22 of Proposed Amendment 3618 deletes the Research, Analysis and Accountability Bureau and the Unemployment Insurance Administration Bureau. Do those two go together, or are we talking about two different things? The Office of Workforce Innovation and the Reemployment Division are renamed in several places.

MR. SEWELL:

The Reemployment Division is to handle unemployment and workforce. The Research, Analysis and Accountability Bureau is being removed from the new Workforce Security Division on page 22, section 22 of Proposed Amendment 3618. We want to make sure the chief economist continues economic advice whether it is economic development or monthly unemployment numbers. He or she must be able to provide information to other State agencies.

SENATOR DALY:

You pulled out unemployment insurance because you renamed it. I understand you want to pull that out.

Section 22 says "other bureaus or units as the Director may establish." What other bureaus and units can the Director establish? How is that done? What is the structure? Who does it? How do you set the salary? Is it in your budget or is

it something can you already do? In reading through the bill, it is in existing language in other places. What is the thought process?

MR. SEWELL:

Many of the programs being brought into the Department of Workforce will be the programs in DETR such as the Nevada Equal Rights Commission, the Board for the Education and Counseling of Displaced Homemakers and many others. But there will also be extra departments or programs not in DETR as noted in section 31, subsection 3, paragraphs (a) through (g) in Proposed Amendment 3618. This language is in the bill, so the Director of the Department of Workforce can make sure we set those up in the proper divisions to work well.

For example, the Rehabilitation Division in DETR has specific federal funding guidelines. It can cost allocate only in certain ways. It also has State matching fund issues. If that is broken up, the State would lose some of those federal funds. The Director must make sure the State does not lose federal funds. We have State matching authority and proper cost allocation.

The Nevada Equal Rights Commission (NERC) is part of DETR. We do not want to bury NERC in a division. We want to make sure NERC is a standalone division within the new Department of Workforce. That way it can do the job it needs to do. The language is set that way so the Director can make sure the State can bring in all these pots of money and use them effectively and economically for the betterment of its citizens.

CHAIR FLORES:

Putting the Office of Science, Innovation and Technology under the Department of Workforce will cause concerns because it is a standalone. It does its own thing. It is easier to highlight and advertise through the grant process. Putting it underneath this umbrella might have the opposite effect of potentially causing some harm or some issues when it comes to grants. Do you see that with the way the bill is written?

MR. SEWELL:

No, I do not. The way the bill is written, we will be able to use grants to the fullest extent possible. The Office of Science, Innovation and Technology does many things, many of them behind the scenes. Using grant funds properly under an umbrella is much more efficient for the State.

CHAIR FLORES:

Why may putting grants underneath an umbrella yield better results? The State does not do well in obtaining grants because sometimes no person is solely dedicated to bringing in those federal dollars, it is an issue of matching funds or a question of whether the State is creating some competition given not the best relationship between agencies. But by putting them all under that one umbrella, will information be shared better? Anything that will help that, I support 100 percent. How do you think that relationship of being under one umbrella helps bring in some of this federal money?

MR. SEWELL:

In the Rehabilitation Division, the Bureau of Services to Persons Who are Blind or Visually Impaired is helping to pay match to bring more federal dollars. It is happening right now. But if we have all of that under one umbrella, if one program has a grant, that grant money could be used as a match to help other programs obtain grants. That is a good idea. That is what we are looking at. We are trying to get all these pots of money put together so we can use them effectively. That is the idea behind this. That is what I am talking about.

Senator Goicoechea asked me if I am right about this. Yes, I am 1,000 percent right about this. We can make this work, and it will work. We can actually get those grants and utilize them better.

SENATOR OHRENSCHALL:

The new language in section 32 at the top of page 23 of Proposed Amendment 3618 is "create and maintain statewide workforce policies, develop and carry out an integrated state workforce development plan and administer all money received by the State pursuant to the federal workforce acts." With the administration of all money, will there still be input from the Governor's Workforce Investment Board? Will there still be communication with local boards? How do you envision that working out?

MR. SEWELL:

We have a great working relationship with the local boards. We rely on them. They are part of the EmployNV offices. We are part of their offices. We want to make sure we are using those pots of funds in the most economical way. There is a lot of grant money, a lot of federal money being pulled down, but it is being used by numerous agencies. Sometimes it is duplicative. That is not efficient. That is not the way to go. We need to keep working with the Governor's

Workforce Development Board which creates the State plan. We follow that State plan.

Local boards are made up of local elected representatives. Las Vegas knows these are the employees it needs to start looking at. It may be different than the local board in northern Nevada, but we work with them. It will be part of the Workforce Innovation Division. That is why it is set up that way.

SENATOR OHRENSCHALL:

I like the list enumerated on page 23 of Proposed Amendment 3618 about the provision of services using such money to veterans, persons with disabilities and so forth. I like all those categories. Those are the people I want helped by either DETR or that new department if this passes.

With the unemployment rate in southern Nevada, do you see this as trying to reach out to underserved communities in Clark County? That concern hits close to home. How do you envision that working out?

MR. SEWELL:

Yes, we will be reaching out. We are mandated to reach out to underserved communities. We work with Hope for Prisoners because we need to get those people back to work just as much as we need to get people laid off back to work.

SENATOR DALY:

We want to get as much grant money as we can. We also want to use it efficiently. When the State Apprenticeship Council was moved over to the Governor's Office of Workforce Development, it got grant money. It was poorly distributed to things that were not apprenticeship programs. It did not get to the established programs that are training, graduating, putting apprentices out into the workforce for the future in Nevada. It was a bad experience, but it is working where it is now. You can get grant money administered, do more it efficiently and support apprenticeship programs.

The universities wanted some of the grant money and called themselves apprenticeship programs when they had no employer partners. They could not put anybody to work. They were doing university stuff and training people, but they were not apprenticeship programs. It was a waste of time and money.

MR. SEWELL:

Apprenticeships need businesses to send workers to. By putting it back under DETR, the new Department of Workforce, it will work much more fluidly. It will also open up not just the traditional apprenticeship programs for the construction worker or the electrician but new apprenticeship programs we may need to evaluate. Maybe something that is not a four-year or two-year degree. Maybe people can get apprenticeship programs for something new that is not a large cost to them. That is where we want to head. We need to look at those individuals who may not want to be electricians but may be good at robotics. We need to look at those types of apprenticeship programs.

SENATOR DALY:

I appreciate it. I will talk to you offline. Come see me.

SENATOR OHRENSCHALL:

Mr. Sewell, you mentioned the Blind Business Enterprises for the visually impaired and the vision you have if this were to pass. There have been many ups and downs through the years. I admire all the work Blind Business Enterprises does to help those who have lost their vision progress as small business people. Could you elaborate on how this will help blind and the visually impaired vendors build their small businesses and take advantage of those opportunities? It is a great program. I would love to see it flourish more. How will this make that happen?

MR. SEWELL:

The Blind Business Enterprises program is doing well. One of the changes in the original bill draft was pulling that out and putting it into another division. We discussed that with the Administrator and how we do the grants and things of that nature. The proposed amendment places it back to where it needs to be. The Rehabilitation Division will be put into the Workforce Division as a whole. That way, all individuals with disabilities who are worried about it changing may be assured that will not happen. We plan to serve those individuals better than before and make sure we keep that together. I want every Nevada citizen to know those services will be there. They are going to be better.

CHAIR FLORES:

Section 59 in the bill, not in the proposed amendment, eliminates the Division of Enterprise Information Technology Services. What is the objective?

MR. KIECKHEFER:

This is the piece we discussed previously that removes the Division of Enterprise Information Technology Services from the Department of Administration and elevates the Office of the Chief Information Officer as an Office of the Governor. Those are two pieces that implement that change.

SENATOR OHRENSCHALL:

I appreciate the proposed change in section 59 of the bill. With the sea change we have had to go forward with since COVID-19 in making everything available online when we could not attend meetings in person, is that a lot to put on the Chief Information Officer's plate? Will making sure the public can participate if a meeting has to be virtual overload him or her?

MR. KIECKHEFER:

Many of these responsibilities are in that position now.

TIMOTHY GALLUZI (Chief Information Officer, Administrator, Enterprise IT Services Division, Nevada Department of Administration):

One of the biggest challenges of the Enterprise IT Services Division is the disparate ability to provide services across the Executive Branch. It is difficult to set Statewide IT policies and standards being in the Department of Administration. Moving this forward will allow us to set standards for the entire Executive Branch to ensure all Nevadans get the same level of service regardless of what agency they go to.

MR. KIECKHEFER:

Sections 66 and forward in the bill deal with changes to the personnel and human resources systems in the Executive Branch under the Department of Administration.

JACK ROBB (Director, Nevada Department of Administration):

As a former Deputy Director of the Department of Wildlife, what hindered us most was getting good candidate lists from the Division of Human Resource Management to fill vacancies. The State has an approximately 24 percent vacancy rate. Some of that is due to lack of qualified employees, but a good portion is due to the cumbersome process of getting people through the system. It is increasingly frustrating for the applicant, and it is increasingly frustrating for each department and division to get individuals.

The criteria we go through and the way lists are developed are stringent, old and archaic. Getting a person qualified is next to impossible through statute. It is frustrating when individuals have the skill and ability to do those jobs, but they cannot get qualified to get hired. They do not even make the list to get an interview.

The other frustration is when individuals within an agency have the skills and abilities to move up and fulfill some of those roles but cannot get qualified because of the law. They get frustrated by the way the laws work. Instead of waiting to get that five years or the time for the specific job progression to get to that role, they choose to go to cities, counties and private industry.

The reason I took this job was the shared frustration with people trying to apply and get lists created. That is why we took a hard look at NRS 284. The NRS 284 rewrite came as a result of Executive Order 2023-002 which mandated the Department of Administration do a comprehensive review.

Right after my appointment as Director of the Department of Administration, we asked all agency directors to identify individuals who could help us with the review. I had an overwhelming response to that request, and 85 people were chosen. Because there were too many people, we had a 20-person workshop representing large and small agencies, agency directors and human resources. A good mix of agencies and levels within organizations attended an all-day meeting and went line by line through NRS 284. The overwhelming consensus of where we need to go is S.B. 431.

The results of that rewrite were sent to all 85 people who were identified and given a short turnaround to respond. The response and support by the people chosen by agency directors who said we were hitting the mark and going in right direction was overwhelming.

The State could cut down its vacancy rate if the process was simplified. It is cumbersome, archaic and does not match modern society. We need to put the decision back into the hands of the subject matter experts instead of human resources determining job criteria. The agencies and subject matter experts should weigh the candidates to get the right people in the jobs to serve the citizens.

We want to remain equal and develop parity. Agencies have advanced over other agencies. One agency will be a hiring step for another agency. We talked to an agency this morning with probably 15 or 20 employees that lost 9 people to another department because the differing rules. We want to build in parity so people will stay within a department to grow, serve and keep an equal playing field. That is built in the bill with the audit functions spelled out.

Human resource functions will change how to develop a list as the overall list keeper. Agencies will ask for the list and do it a different way. An audit function will make sure we keep parity within agencies, so we do not see agencies stealing staff.

A good portion of our hires are internal hires. We are not getting external candidates because of the way we are built.

MR. KIECKHEFER:

When Governor Lombardo was transitioning into office, we sat down and talked to every department head, asking them about their challenges and opportunities. Everyone identified filling vacant positions and experiencing vacancy rates as one of their top three issues. This is critical to making our government function and providing service to the people of our State.

The process Director Robb spoke about has prevented the State from filling some of the roles that need to be filled to meet its obligations, both legal and moral. It is critical to make this process more effective.

CHAIR FLORES:

I appreciate that explanation. I see everything you are trying to cut out. There is a lot of it. Can you give me a real example? I see a lot of broad language. I understand the flexibility you aim to accomplish. You indicated archaic language needs to be cleaned up.

MR. ROBB:

When I was in the Department of Wildlife, it had a position called an ASO II for a grants manager. The list of people who qualified for that position was small. The Department conducted a recruitment and brought in an individual who was a good person for the job and met the requirements but did not have the skill set to complete that job. The Department had to send that person back to the agency the person came from which caused a domino effect. Someone else had

filled that person's role, so bumping occurred which caused upheaval in many people's lives. The Department brought in a second person and went through the same scenario. It lost a year of a critical grants manager trying to nail down half the agency's budget. The Department was failing its federal partners, its staff and its citizenry.

While this is going on, multiple individuals within the Department have the skill set to complete this work, but they do not meet the requirements. Those individuals who could not be promoted got frustrated and looked for jobs elsewhere because they knew and we knew they could do the job.

The language in this bill will allow us to place people in those roles, get the job completed and have proper lists to work from. That actual scenario from the Department of Wildlife occurs in other departments.

SENATOR DALY:

When you went through your program with NRS 284 and Executive Order 2023-002, did you just go to department heads? Many of the things you say are barriers established over time that did not get into law by accident. They were put there to solve a problem and to make sure people were not picking a friend or someone they knew for a job. It is supposed to be fair and equitable for everybody. Much of this bill takes some of those things out. Perhaps there are some inefficiencies. Did you talk to anybody who represents the workers?

MR. ROBB:

Yes, we spoke to many workers. There were different levels within the 20 people who attended that workshop. Some of them had been affected by that. There were people who promoted through the State system and saw its inefficiencies. We had not only the 85 people who were selected by their department directors to review this document, we had other individuals. It was shared far and wide with broad support from the ground up for these changes.

SENATOR DALY:

Did you talk to any worker representatives or collective bargaining agents and unions?

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MANDEE BOWSMITH (Administrator, Division of Human Resource Management, Nevada Department of Administration):

We had extensive conversations with the American Federation of State, County and Municipal Employees, Nevada Police Union, Fraternal Order of Police, Battle Born Firefighters Association and law enforcement associations regarding the proposed changes to NRS 284. We did that because Executive Order 2023-002 mandated the review of statutes to make efficiencies.

You are right, Senator Daly. The statute was written for a specific reason to preserve a specific kind of personnel system. However, it is not 1972 anymore and we are not doing personnel anymore. We are doing human resources and need to upgrade that chapter of NRS to reflect as much. We need to bring the State's system into 2023.

The bargaining unit people we talked to support these changes particularly because of regulatory changes. If this bill goes through, the statutory changes will allow us to make regulatory changes to *Nevada Administrative Code* 284 which will allow efficiency in innovation and updating. Those bargaining groups will have a large role in the coming workshops we plan about regulations to be put forward so the processes can be updated.

I have also submitted a letter ([Exhibit D](#) contains copyrighted material. Original is available upon request of the Research Library.) clarifying the Division of Human Resource Management's intent with this legislation.

SENATOR OHRENSCHALL:

Section 100, on page 71 of the bill deals with the 700-hour program. I see the deletion on page 72, line 16 regarding "a temporary limited appointment of a certified person with a disability pursuant to this section constitutes the person's examination as required by NRS 284.215." If this passes, the requirement for the examination is no longer State law. How do you see this affecting the 700-hour program for the disabled?

Ms. BOWSMITH:

We intend to completely revamp the 700-hour program with the new Department of Workforce because the way it is set up it does not serve disabled employees or agencies.

We intend to completely retool how those who are eligible for that list are identified, put them in a position to ensure their success and continue working with them for that 700-hour term. We had conversations with Assemblywoman Tracy Brown-May on this issue. She had some great ideas we intend to develop in the Interim in conjunction with DETR.

SENATOR OHRENSCHALL:

I am glad to hear that. Whether these changes go through or not, I would like to see more disabled workers participating in the 700-hour programs. I hope this will be a priority in this administration.

SENATOR GOICOCHEA:

To qualify for the Public Employees' Retirement System (PERS), do you not have to work 720 hours? You mention the 700-hour program. If we offer a program, it should hit that threshold where someone could qualify for PERS.

Ms. BOWSMITH:

The 700-hour list contemplates a temporary placement until the person reaches the 700-hour threshold. It is a truncated probationary period. Somebody who is not on that list would typically have a 12-month probationary period. These people have a 700-hour probationary period; however, they still have the same threshold for earning permanent status for PERS eligibility.

SENATOR GOICOCHEA:

We are looking at that as well, but it takes six months to qualify for PERS.

SENATOR DALY:

Section 85 of the bill eliminates the statutory framework for competitive examinations for positions in classified service; evaluations will be used instead. You said regulations will be developed on how this will be administered.

You are eliminating the point structure for those living in Nevada or those who are veterans. If you eliminate the point and have to give preference to somebody from Nevada or somebody who is a veteran, that will be the only qualification. You have to give preference to them regardless of anything else. You have to keep that point cutoff. If you do not have that point cutoff, someone could say one is a veteran or lives in Nevada. You have to give that person preference because that is what it says. That is what you changed it to. You should reexamine that.

Section 91 of the bill removes some of the guidelines designed to maintain transparency and fairness. But you intend to revamp that with regulations. Personnel and human resources are the same thing. You can play semantics with that all you want, but we are still talking about how we are hiring people, how they get promoted and how they qualify. Then there are bumping rights and other things.

I do not want to go too much longer, but come talk to me offline and I can go through all of them if you like.

MR. WELLS:

Section 107 in Proposed Amendment 3618, [Exhibit C](#), creates a Nevada Way Account in the State General Fund. Money will be transferred to this account once the Account to Stabilize the Operation of the State Government or the Rainy Day Fund hits 20 percent. The next block of money will be transferred into the Nevada Way Account up to a maximum of 5 percent of operating expenditures. The balance in that account will be used for awards of money presented to an advisory council made up of the Governor and the four leaders of the Legislature. Legislative leaders and five others will make recommendations to the Governor for final approval of those awards. Those awards are intended to be for efforts related to economic development or diversification and opportunities that will leverage other funding sources in an amount not less than a \$3-to-\$1 ratio financed through the Nevada State Infrastructure Bank. It will use public-private and public-public partnerships to develop ideas for projects that will move the State forward, diversify its tax structure and create opportunities it might not otherwise create through existing structures.

It also allows usage of the Nevada Way Account in case of a fiscal emergency. It still operates as a part of that 30 percent Rainy Day Fund. It can also be allocated by the Legislature for other use just as the Rainy Day Fund.

The thought process is that one of the people listed in section 107, subsection 5 on page 32 of Proposed Amendment 3618 can request an award. They are the leadership of the Legislature; a member of the Nevada Congressional Delegation; a chair of a board of county commissioners; a mayor of an incorporated city; the Executive Director of the Office of Economic Development; or the president of any university, state college or community college within the Nevada System of Higher Education. Once that process is

vetted, that money will be allocated out of this account. The intent is that this is the last money out unless a need arises for it to go out as a match to secure other public money.

The idea behind this is to create a vision for a program that may need to go to a special session of the Legislature during the Interim. For example, if we needed a water pipeline to Apex, we would utilize the Nevada Way Account and leverage, in a ratio not less than \$3 to \$1, other funding sources to get that pipeline built. That would build out infrastructure at a facility which would generate additional taxes and diversify the tax structure of the State. That is the overall intent of the use of the Nevada Way Account.

SENATOR DALY:

As the money goes in, people can request an award of money which then goes to the Nevada Way Leadership Advisory Committee. The makeup of that Committee, it does not matter which party, always makes the Governor the tiebreaker. I see a problem with giving the Governor, in 99 percent of the cases, the deciding authority. Does the Committee decide, or does it just recommend? If it recommends, whom does it recommend to? How does that work? If this may cause a lot of special sessions, you are dead on arrival.

MR. WELLS:

That five-person group in section 107, subsection 6 of Proposed Amendment 3618, is an advisory group. The original intent was for that group to make the decision. However, it was brought to our attention that it would create a problem between the separation of the branches of government. That body now is an advisory body that will look at the project and determine if it meets the criteria, if we are getting the \$3-to-\$1 ratio, and if that project will create diversification of the State's tax structure. It will make a recommendation to the Governor who will ultimately make the decision whether to grant an award from the Nevada Way Account.

SENATOR DALY:

Whom do they give the recommendation to?

MR. WELLS:

The Governor will make the ultimate decision.

SENATOR DALY:

To spend money. Have you read the Nevada Constitution? It says no money can be expended except by appropriation through legislative action.

MR. WELLS:

The money is being appropriated to the account to be used for these purposes outlined in section 107 for the Nevada Way Account.

SENATOR DALY:

I do not think so. I understand what you are saying, but it will not get done that way.

Are there any labor standards or provision of insurance with these people you partner with for hiring Nevada workers? Is any of that deemed as beneficial to the State or just an afterthought until somebody brings it up to the Governor?

MR. WELLS:

These would still be awards made through the normal processes through the various chapters on contracts, agreements and public works projects if it falls on State lands. If it falls on private lands, other provisions require State rules to be followed because State money is being used. If federal money is being used, that is part of what will be leveraged in the \$3-to-\$1 ratio. All federal laws have to be followed relating to workforce as with regular rules and regulations through the federal grant.

SENATOR DALY:

That would remain to be seen. I would rather see language put in that certain standards have to be met when applying for the money. I have seen a lot of creative financing and other things to skirt around standards. You say the Governor makes the final decision on the expenditure of money, and he asks the Legislature to give him that authority. That is "crossing the streams." Neither the Executive Branch nor the Legislative Branch, regardless, can veer into the lane of the other. That is also in the State Constitution, Article 3, the Distribution of Powers.

SENATOR OHRENSCHALL:

Section 107, subsection 6, on page 32 of Proposed Amendment 3618 says, "A request for an award of money from the Nevada Way Account submitted pursuant to subsection 5 must be evaluated by the Nevada Way Leadership

Advisory Committee." It does not specify if this Committee would be subject to NRS 241, the Open Meeting Law, and posting all requirements for the public to participate, or would this Committee not be subject to the Open Meeting Law?

MR. WELLS:

Yes, this will be subject to the Open Meeting Law.

CHAIR FLORES:

Section 110 on pages 81 through 83 of the bill, contains language about the Interim Finance Committee (IFC). I understand avoiding IFC through a practical, efficiency standpoint makes sense. If I want to achieve something, not having to go before somebody is faster and easier. But taking the efficiency lens and hat off and focusing more on an accountability, transparency input lens, why do we think we are not in any way circumventing those aspects of what the IFC is. What is the ideology and structure, besides efficiency? I do not want to minimize efficiency. I understand when one does not have to do something, efficiency makes the process easier and smoother.

I understand efficiency is an objective, particularly when we are talking about a bill this voluminous in which we want to clean up areas and make things easier.

MR. WELLS:

We are looking at the thresholds requiring IFC approval. Those thresholds have not been increased since 2011. Our budget has significantly increased. Inflation has significantly increased. It is time for the work program threshold for IFC approval to reflect the day and time we are in regarding the dollar amounts of budgets being approved at the legislative level. That should be reflected in the budget amendments brought before the IFC for approval.

CHAIR FLORES:

Do we have any data? If these thresholds were as the bill proposes, how many times would that be in front of the IFC?

MR. WELLS:

This fiscal year, almost 700 work programs have met the threshold for submittal to IFC. Under the new thresholds, that would approximate 200 work programs.

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SENATOR DALY:

About ten places in the bill interrupt, disrupt or change IFC oversight. However, the most concerning language in section 52, subsection 9 on page 50 of the bill states:

The Interim Finance Committee shall not take any action that interferes with or intervenes in the execution of the operations of the State Government, including, without limitation, decisions regarding personnel and the allocation of money that was appropriated or authorized for expenditure during the regular or special session of the Legislature.

What does that mean?

MR. WELLS:

The idea here is to clarify the separation of powers between the Legislative Branch which passes bills and appropriates money and the Executive Branch which executes those functions for the citizens of the State. This delineates a clear line between the two branches.

SENATOR DALY:

A clear line between the two, but then the State says, here is the money and here is what it is for; then it needs to make an adjustment, or it needs to take some out of this pot and put it in another. The way I read that language, the State would not have to go to the IFC because it cannot interfere. It has already allocated the money. It is done. Now that the State has it, it can do what it wants with it. That is my interpretation.

SENATOR OHRENSCHALL:

My concern with the language in section 52, subsection 9 about the IFC is that a prohibition on the IFC would go to the heart of many of its duties. We may end up having more special sessions when issues come up if it is deemed the IFC could not act due to this new language.

CHAIR FLORES:

We were discussing section 110 and now we are looking at section 52. I am trying to read those, not together through the lens of the NRS but together through the lens of what this language would have prevented in the times you were in front of the IFC. I am referring to the language that states "The Interim

Finance Committee shall not take any action that interferes with or intervenes in the execution of the operations" Had this language been there, what would it have prevented, streamlined, made more efficient or clarify? Why is this language so important?

MR. WELLS:

The IFC must approve reclassification of employee positions between classification groups. There are 13 classification groups. If we want to move somebody from Group one to Group two, it has to go to IFC for approval even if no money is transferred for same grade, same step, same salary. If one stays within the group, the position can be reclassified, and the person can be given a ten-grade raise without going to IFC. This personnel issue should be the purview of the State. For example, consider an agency looking for a geographic information systems (GIS) specialist. The only position it has is a non-GIS classification not in the same group. It manipulates the recruitment to find the right person for the job without going to the IFC. That language is trying to prevent this scenario.

It should not be inferred by any language in the bill that the Executive Branch is somehow attempting to be less transparent. We spend a lot of time preparing for IFC meetings. Staff does not get any other work done because they are sitting in IFC meetings waiting to be called on items that may not get reviewed. We want to streamline the less important items, not the significant ones. If significant, it is reasonable to have transparent public meetings and for the IFC to hold the Executive Branch accountable. We need to streamline the process, go back to what is important and move away from those that are not.

AMY STEPHENSON (Director, Office of Finance, Office of the Governor):

I want to clarify that the 655 to 700 work programs are items, not how many times we went to the IFC.

CHAIR FLORES:

For clarification, you were referring to section 82, page 62 of the bill. We were in section 52, but you were alluding to section 82.

SENATOR DALY:

Sections of the bill impacting the IFC to either raise the threshold or eliminate its oversight are sections 52, 53, 82, 104, 107, 110, 112, 113 and 114, subsection 5, paragraph (f). They all evade or weaken IFC oversight.

CHAIR FLORES:

We understand the sentiment and tone of doing things a little easier. Nobody puts this language in statute without thinking about transparency, oversight and accountability. That is the sole purpose of those sections in statute. We contemplated efficiency and streamlining before. But that is where we drew the line on the threshold because we need to ensure that we are absolutely monitoring what is happening. However, I also respect the other side of it.

SENATOR OHRENSCHALL:

In Proposed Amendment 3618, section 113, subsection 5, page 35, the language states "If the Governor declares that a fiscal emergency exists, the Governor may request the transfer from the Account to Stabilize the Operation of State Government to the State General Fund of an amount"

Does language in the proposed amendment declare what parameters allow the Governor to declare a fiscal emergency exists, or is this something the Governor decides subjectively? I did not see the parameters.

SENATOR GOICOECHEA:

We saw the Governor do that during the pandemic. The Governor can draw the Rainy Day Fund down to zero. I do not see the difference.

MR. WELLS:

I cannot quote a section defining fiscal emergencies. I would have to look at statute because I cannot remember the section.

SENATOR OHRENSCHALL:

That is fine. I can connect with you offline.

Would a disagreement as to whether there is a fiscal emergency affect this request for a transfer of funds? I do not see a lot of input from legislative fiscal staff. That concerns me.

MR. WELLS:

The thought process was about the scope and magnitude of a fiscal emergency. A small fiscal emergency could be accommodated within the confines of that 5 percent in section 113, subsection 5, paragraph (a) of the proposed amendment. The Governor would be able to take action unilaterally. If it goes

beyond that, then either IFC or the full Legislature has to be involved in bigger fiscal emergencies.

When rating agencies look at rainy day funds, they look at two things. Is money being saved but also saved in a way that can be used when a real fiscal emergency occurs? In other words, they do not want just a big savings account of taxpayer dollars that are never utilized. They want you to have a structure in place that says if there is a fiscal emergency, this is how the money is used. Rating agencies look at both of those components when they look at the impact of a rainy day fund on bond ratings.

SENATOR OHRENSCHALL:

I am looking to see if fiscal emergency is defined NRS 414 which covers emergencies, but I am not seeing it. I would feel more comfortable if there was a definition of fiscal emergency and its parameters in the bill.

SENATOR DALY:

In section 113 of Proposed Amendment 3618, would the Governor be okay with keeping the name the "Nevada Way Account"? It does all the same things he wants it to do with the same criteria—having the money go to this overflow fund up to the 10 percent above from 20 percent to 30 percent—instead of having it go through this five-person commission where the Governor decides it goes to an intermediary body, for instance, the Legislative Commission. It would not be this five-person body anymore. It is going to be the 12-person legislative body that makes a recommendation if everybody met the criteria. If the goal is to do these things, is it all about ownership and the Governor decides? Would he be okay with going to the Legislative Commission and then to the IFC for the actual expenditure in accordance with the Constitution on how money is supposed to be spent in the State? Is the goal to accomplish these things or have someone's name on it?

MR. WELLS:

I will take that back and ask.

SENATOR GOICOECHEA:

As long as we are on the lines of offering amendments to the bill, maybe talk to the Governor about going from \$75,000 grants to \$500,000 grants. Maybe just ratchet that threshold up a little in line with the inflation factor and the consumer price index, which is what we have done in the last 12 years. Maybe

we can get some middle ground there with IFC. Make it better but address the concerns that it is a runaway on the other end. You are looking at me kind of confused. If the work program has a threshold over \$75,000, maybe make it \$150,000 instead of \$500,000.

MR. WELLS:

We can definitely talk about thresholds. It is time for them to go up commensurate with a combination of the size of our budget and inflation.

CHAIR FLORES:

Everybody on this Committee can appreciate you asking for the moon knowing we will land somewhere in the middle. We all understand how negotiations work. You might have put \$1 million in there or maybe \$2 million, maybe \$500,000, just start off high and then we will see if we can get some wiggle room and whatever is a win. I appreciate that. That is how this works.

Section 122, page 96 of the bill was mentioned by the Governor when running and he had an objective to limit some of the things we saw during the COVID-19 pandemic and prior. What is the intent? What did you see? Why was it problematic? Why will the 90-day trigger be beneficial to the State?

MR. WELLS:

This is one area in which the Governor believes there should be more public oversight and transparency regarding the fiscal emergency process. Giving the Governor ultimate power for an unlimited period of time is not in the best interest of transparency. The Legislature should have an opportunity to weigh in on whether that proclamation for a declaration of an emergency or disaster continues. He is purposefully limiting his own powers to make sure that level of transparency and accountability exists.

CHAIR FLORES:

What is the benefit of an emergency or disaster declaration? What happens with that? What happens at the federal level? What powers trigger at the state level?

MR. WELLS:

A disaster declaration has a couple of impacts. It opens the door for federal assistance if it is a covered event. Usually, the President has to declare an emergency which then opens the door for the Federal Emergency Management Agency to come in.

It gives the Governor the ability to do certain things within State government which includes information with relation to activation of the Nevada National Guard. It also enables the Governor to protect the interests and property of the State and its citizens.

Depending on the level of the emergency, there are local, state and federal emergency declarations. That determines what things are accessible such as money from the Disaster Relief Account. A variety of things come from an emergency declaration.

SENATOR DALY:

In section 122, subsection 1 of the bill, why are you striking out a proclamation by the Legislature? I am assuming the Legislature would have to be in session. But then further down it says unless it is extended by the Legislature or whatever passed the 90 days. How would that work if the Legislature was not in session? Would it have to go to the Legislative Commission or clear up that language? I do not know why you would take away the Legislature's authority if the Governor would not do it but the Legislature thought it was a good idea. Then if it was going to progress past 90 days, the Legislature has to do it by resolution. How will that be done if the Legislature is not in session?

MR. WELLS:

Lines 30 and 31, page 96 of the bill says, "any emergency or disaster proclaimed by the Legislature" It goes back to giving the Legislature the ability to proclaim a disaster. If it does so, the disaster is only terminated upon a resolution declaring the emergency has passed. It strikes the Legislature's authority in lines 23 and 24 on page 96 but adds it back further down in the paragraph. The Legislature would have to be in a special session to convene beyond the 90 days.

SENATOR OHRENSCHALL:

As I look at section 122 of the bill and these new provisions for ending a declaration of emergency under NRS 414, that is an emergency like the COVID-19 pandemic.

Backtracking to section 113 of the bill, I am still concerned about the lack of specificity as to what constitutes a fiscal emergency. How is it defined? It seems subjective. Others may not agree with what someone might think is a fiscal emergency in our Fiscal Division. I do not see any way this ends. I do not

see any procedure where the fiscal emergency is declared over, such as in NRS 414. The fiscal emergency in section 113 is amending NRS 353. If this bill progresses, I hope there is clarification as to what constitutes a fiscal emergency. Is there any input from our Fiscal Division since we are a coequal branch of government? There must be input from our coequal branch of government as to whether a fiscal emergency exists and whether these drastic measures should be taken.

CHAIR FLORES:

Going to my original comment in section 122, page 96 of the bill, is there any anecdotal data prior to the pandemic of how many states of emergency were proclaimed and how long they lasted? What was done prior to COVID-19? I want to get an idea of the thought process and if it was intimately connected to the last four years of what we have seen in the State or if there is a broad overall look. Are there examples of abuse or circumventing going on? If you have any of that anecdotally, I would appreciate if we could have that conversation.

MR. WELLS:

To my knowledge, the State has not utilized the emergency declaration provisions as outlined in section 122 of the bill to the extent that it has during the pandemic. Emergency declarations have been more specific and isolated.

SENATOR GOICOECHEA:

Counties in the State are under a state of emergency declared by the Governor, but they are local. It is the same language. They would be limited to 90 days unless there was an additional declaration.

CHAIR FLORES:

Section 146 of the bill eliminates various councils and committees. How were they selected?

MR. WELLS:

Section 146 repeals six boards, commissions and councils: the Advisory Committee to the Juvenile Justice Oversight Commission; the Advisory Council on Science, Technology, Engineering and Mathematics; the Commission to Review the Compensation of Constitutional Officers, Legislators, Supreme Court Justices, Judges of the Court of Appeals, District Judges and Elected County Officers; the Competency-Based Education Network; the Committee on

Anatomical Dissection; and the Subcommittee on Patient-Centered Medical Home. The chief of staff or one of the presenters early on talked about those boards have outlived their usefulness. They are duplicative or have not convened in a long time. Many of these are included in Senate Bill 214 from the Sunset Subcommittee of the Legislative Commission.

SENATE BILL 214: Revises provisions relating to governmental administration.
(BDR 18-898)

Four of those six are recommended for elimination in that piece of legislation. The Sunset Subcommittee of the Legislative Commission looked at some of these and recommended them to be terminated.

The other things section 146 repeals are certain statutes related to the Enterprise IT Division and its movement to a cabinet-level office. It repeals the 95 percent cap on the Governor's salary for State employees and the requirements that classified employees must take examinations.

SENATOR DALY:

Section 141, lines 26 and 27 on page 110 of the bill state "Promptly report to the Governor and the Director of the Legislative Counsel Bureau for transmission to the Legislative Commission" What are you contemplating there?

MR. WELLS:

Section 141 is specific to the newly appointed Director of the Department of Workforce. If there are things we missed as a result of drafting this legislation, things that would make us more efficient or things that we should not have moved, this would provide an opportunity for the Director to make that evaluation and propose legislation for the 2025 Session.

SENATOR DALY:

Section 142 of the bill says these provisions will not affect any collective bargaining agreement entered into before July 1, 2023. After that date, which bargaining agreements or what type of bargaining might be affected and in what way?

MR. WELLS:

I do not know that I can point to a specific section in the bill that would impact collective bargaining agreements. This language was added to protect a group of bargaining units.

ANN SILVER (Reno + Sparks Chamber of Commerce):

I am addressing sections 21, 22, and 31 through 41 and those other sections of the Governor's Modernization and Efficiency Act that address the State's workforce operations.

Last November, I was tapped by then Governor-elect Lombardo to chair his Workforce Development Committee. I collaborated with 13 other individuals selected from northern, southern and rural Nevada to articulate concerns about duplication, confusion and ineffective outcomes in the Statewide workforce development space. We did not just gripe. We proposed a new model for greater efficiency and delivery of services. The various agencies addressing critical workforce issues include DETR; Governor's Office of Science, Innovation and Technology; Governor's Office of Workforce Innovation; Governor's Office of Economic Development; and the newly renamed EmployNV offices. They do not meet people where they are, specifically in underserved neighborhoods, often without access to Internet, unable to drive long distances with few or no childcare options, with limited literacy or even without a high school equivalency certificate.

As a member of the Governor's Workforce Development Board under Governor Brian Sandoval and Governor Steve Sisolak, I heard countless reports from agency heads relating to Nevada's expenditure of millions of dollars in job training but no explicit outcomes verifying sustainable career growth, earnings or financial independence. No one and no one agency is to blame. For over 30 years, various Governors and Legislators have added layers of administrative oversight to workforce administration, creating greater confusion and additional personnel offices and processes.

We all want to see federal and State dollars spent in ways that allow every unemployed or under skilled adult veteran, disabled individual or out-of-school youth to find his or her purpose in the work world. We want individuals to become inspired to find a career, maintain it and aspire to home ownership or other stable housing, family well-being and disposable income. This cannot be accomplished with a myriad of bureaucracy that leaves those seeking

sustainable work at the bottom of a complex delivery system. We encourage your support of S.B. 431 not because it promises efficiencies or greater effectiveness but because we must address and legislatively provoke much-needed change.

TESSA LAXALT (Nevada Trucking Association):

The Nevada Trucking Association supports S.B. 431. The Association appreciates the Governor's laser focus on improving government for all Nevadans. His forward-looking customer service directives will mean improved government processes for Nevada's customers, consumers and businesses. In particular, the Association points out its appreciation for reconfiguring and streamlining the State's workforce development initiatives.

We encourage your support.

MILES DICKSON (Nevada GrantLab):

The Nevada GrantLab is an *Internal Revenue Code* 501(c)(3) nonprofit organization based in southern Nevada that supports fellow nonprofits, local governments and public agencies as they apply for and administer federal funds that benefit Nevadans.

The Nevada GrantLab supports section 108 of the bill that seeks to eliminate the State's longstanding mandate that a State agency's General Fund or Highway Fund appropriation is reduced or supplanted when it wins new federal funds.

Federal grant funds are vital for paying for and balancing the cost of things that many of us care about, ranging from the arts and affordable housing to workforce development. Unfortunately, as was alluded to this evening, our State consistently secures the least amounts of federal funding in the Country despite having the highest need.

A 2019 report from the Kenny Guinn Center for Policy Priorities found that Nevada ranks forty-fifth in the Nation in per capita spending. Federal Funds Information for States, which is a bipartisan, nonprofit based in Washington, D.C., found that in key categories such as education and health, Nevada ranks worse. More specifically, that is fifty-fifth in the Nation and fifty-fourth in the Nation in per capita federal spending. That is possible when you include Washington, D.C., and territories.

Nevada's poor performance every year collectively results in more than a half a billion dollars in foregone revenue the State could invest in those sorts of projects. Equally important, that means local governments, public agencies and nonprofits downstream have less funding to invest in their important work. It also means increased pressure on local and state taxes and fees. As taxpayers, it means we get less value for every dollar in federal taxes paid every year than our peers pretty much everywhere in the Country.

SONDRA COSGROVE (Vote Nevada):

I support S.B. 431. I thank the bill's sponsor for giving the disability community an opportunity to be heard. Today, I am also speaking as David's mom. My son was diagnosed with a behavioral disorder when he was two years old. He is now 40 years old. I have a lot of experience with the broken State systems. We have good State agency workers, but they are stuck in systems that regularly fail. This bill recognizes the status quo is unacceptable and must change. Continuing to allow the disability community to suffer due to a lack of coordination between State agencies can no longer be the answer.

This bill is important to many of us in this community. No solutions are being offered that address these concerns beyond this bill. This is it. If this bill dies, the disability community will continue to suffer from systems that are not integrated and fail to meet these Nevadans' needs. We must have more than interim legislative committees tracking implementation of laws and the delivery of services. We need dedicated officials who can evaluate current systems and create strategic plans to make those systems more efficient, effective and accountable to all Nevadans.

I would like to stress that this bill's Chief Innovation Officer and the Director of the Department of Workforce must keep in mind this axiom, "nothing about us without us." Both officials must remember to directly interface with impacted community members and to create symbiotic relationships with the public.

The status quo is failing vulnerable communities. Many of us view S.B. 431 as the only solution on the table for addressing systemic issues that cause the disability community to feel frustrated and disrespected.

SCOTT MUELRATH (Henderson Chamber of Commerce):

The Henderson Chamber of Commerce supports S.B. 431. It is an overdue effort to modernize State government to better serve our citizens and our

businesses. The COVID-19 pandemic prominently displayed some of the inefficiencies and dated technologies of certain government divisions.

Senate Bill 431 is a bold step forward in improving operations for our State. From my vantage, a few notable highlights are restructuring the Office of the Governor, changing the role of the Chief Information Officer and creating the Chief Innovation Officer. Those are all benefits. Any attempts to encourage innovation within our government structure should be readily pursued.

Proactive human resource planning is especially applauded. Removing the salary caps limiting competitive wages for executive officers in State government is a necessity. We take pride in Nevada and its small government, but it needs to have good leadership; having employment benefits with good salaries is a key component to get the right people in the right positions with experienced leadership to implement a bold vision forward for the State.

From the small business perspective, creating the Office of Nevada Boards, Commissions and Councils Standards within the Department of Business and Industry is much needed. Standard operating protocols would be beneficial to our small business community as well as individuals and companies relocating from other states looking to Nevada to conduct business. They are often confused by the various hurdles and inconsistencies in effect across the State's nearly 60-plus boards and commissions.

The Chamber also supports the Nevada Way Account and its Leadership Advisory Committee. Once again, this allows for innovation in the realm of economic development and diversification and leverages existing funding at no less than a \$3-to-\$1 ratio. The Chamber also supports converting DETR to the Office of Workforce Innovation.

TERRY GRAVES (Nevada Manufacturers Association):

I ditto earlier testimony by the Chambers and the Nevada Taxpayers Association. The Manufacturers Association supports the objectives of S.B. 431 to improve the effectiveness and efficiency of the delivery of State government services. Stabilization of staffing requirements of the agencies will contribute to increased efficiency and effectiveness in the delivery of services.

Ultimately, not only may the cost of government be reduced but, even more importantly, the cost to customers of government services will be reduced be

they individual Nevadans, business owners, companies, corporations or members of the manufacturing sector. Time is money. The more efficiently those services are delivered, the less time and expense for customers.

ANDREW MACKAY (Nevada Franchised Auto Dealers Association):

The Association's businesses represent approximately 20 percent of the retail economy in Nevada. The reason I bring that up is the members are touched by multiple agencies and are highly regulated.

Senate Bill 431 will improve the delivery of services in Nevada. This is something everybody is going to win on.

We encourage the Committee's support of this bill. We enthusiastically support the Governor's approach to modernize State government. It will bring tangible changes that need to take place.

TRAY ABNEY (Nevada Federation of Independent Business):

I ditto most of the comments that came before me. Fiscal responsibility and effective, efficient government administration are the foundation for a strong and sustainable economy for Nevada small businesses and for homegrown job creation. I urge your support of S.B. 431.

MAC BYBEE (Associated Builders and Contractors, Nevada Chapter):

As someone who has worked in the prior administration, I echo some of the personnel challenges this administration needs to overcome such as hiring and maintaining talented staff. If someone is recruited from one agency to another, that creates stress on that agency because it does not have the personnel and resources to deliver services.

As somebody who was on the Governor's Workforce Development Board, I applaud the objective to bring all workforce development programs and goals together in one effort instead of having a patchwork throughout State government.

GLEN LEAVITT (Nevada Contractors Association):

The Nevada Contractors Association supports this bill.

CONNOR CAIN (Las Vegas Global Economic Alliance):

The Las Vegas Global Economic Alliance (LVGEA) supports S.B. 431, specifically the Nevada Way Account in section 107. The LVGEA appreciates the bill sponsor for consideration of designated funds allowing Nevada to take part in transforming opportunities, boosting public and private partnerships and supporting the State when emergencies occur.

As a regional economic development authority covering the largest and most populous part of Nevada, the LVGEA speaks specifically to the economic aspect outlined within section 107. It affords Nevada the flexibility to participate in high-yield endeavors resulting in the generation of new long-term tax revenues that are then reinvested at the local, regional and State levels, including Nevada's General Funds supporting K-12 and higher education, health and human services, public safety and more.

Economic growth will afford Nevadans quality career opportunities. This type of growth generates new tax revenues from outside the State to support its citizens. Most importantly, because economic development focuses on diversifying the State's economy, the LVGEA supports measures like these that work to make the State more resilient so it can better weather boom-and-bust cycles.

We urge your support for S.B. 431.

KRISTINA KLEIST (Latin Chamber of Commerce, Nevada):

The Latin Chamber of Commerce, Nevada, supports this bill. It thanks Governor Lombardo for taking the necessary steps to help State government better serve all Nevadans.

The Chamber echoes many of the comments already stated but, in particular, appreciates that this bill will help the growing, small business community often significantly impacted by the inefficiencies in existing government structures.

SARAH COLLINS, (Western Petroleum Marketers & Convenience Store Association):

The Association understands how the process can be tedious and erroneous and appreciates Governor Lombardo for trying to streamline this. We support S.B. 431.

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STEVEN COHEN:
I say ditto.

CHAIR FLORES:
I have received eight letters ([Exhibit E](#)) supporting S.B. 431.

ANNETTE MAGNUS (Executive Director, Battle Born Progress):
Battle Born Progress opposes S.B. 431. I have submitted written testimony ([Exhibit F](#)) opposing this bill.

ALEXANDER MARKS (Nevada State Education Association):
The Nevada State Education Association (NSEA) opposes S.B. 431, particularly the expansion of the State's Rainy Day Fund and the use of funds for public-private partnerships. Instead, State revenue should be more aggressively appropriated for public services including K-12 public education. This bill would lift the cap on the state's Rainy Day Fund from 20 percent to 30 percent for total State general revenue appropriations which will have the impact of withholding hundreds of millions of dollars from vital public services. Between the expanded Rainy Day Fund and the Education Stabilization Account, nearly \$2.5 billion will sit in accounts while our students and educators suffer.

A couple days ago, the National Education Association released its annual ranking of states for 2022, and Nevada continues to struggle. Nevada once again ranks forty-eighth in the Country in per pupil funding, more than \$5,000 behind the national average and about \$1,000 behind Alabama and Mississippi. We have heard a lot about historic funding efforts this Session. However, the Commission on School Funding has already testified that most of the additional proposed funding will go toward increasing costs. Legislators around the Country are increasing school funding to keep up with inflation, meaning without significant additional resources beyond the \$2,000 per pupil increase proposed by the Governor, Nevada will do little better than running in place.

It is a rainy day in Nevada schools. That is why it is irresponsible to continue to underfund education with \$2.5 billion slated for reserves. The NSEA encourages Legislators to program a large portion of reserves to keep moving forward with optimal funding, not just running in place, so we can ensure a high-quality education for every student in Nevada.

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Probably funding schools and public services is hard work and not as flashy as a proposal to create a new bank account where the Governor can spend hundreds of millions of dollars on public-private partnerships. We should be funding our public schools instead.

I have submitted written testimony ([Exhibit G](#) contains copyrighted material. Original is available upon request of the Research Library.) opposing [S.B. 431](#).

ROSS ARMSTRONG (Executive Director, Nevada Commission on Ethics):
Last week, the Nevada Commission on Ethics met and approved a letter ([Exhibit H](#)) in opposition to [S.B. 431](#).

The Nevada Commission on Ethics (NCE) has a focus of concern on provisions that appear to remove its independence. The deletion of section 3 of the bill in Proposed Amendment 3618, [Exhibit C](#), was its largest concern. However, the NCE still has concerns in section 20 about what it means to be under the purview of this new Office of Nevada Boards, Commissions and Councils Standards.

The NCE has jurisdiction over the Director of Business and Industry. It would have jurisdiction over the new deputy director. From the Caliente Youth Center groundskeeper to the Governor, the NCE has jurisdiction to provide confidential, independent advisory opinions that are well researched and based on law and to investigate complaints of ethics violations.

The NCE seeks to not be included under the purview of that Office if that means authority to control our investigations or to dictate how we operate. If it is similar to the relationship it has with the Department of Administration, which helps provide human resources and fiscal services, that would not be of concern to the NCE. However, it wants to make sure that its independence is preserved so it can do its work in an unbiased, impartial and effective way.

ANDY DONAHUE (Southern Nevada Laborers-Employers Cooperation and Education Trust):

The Southern Nevada Laborers-Employers Cooperation and Education Trust is in a limited state of opposition with regard to the placement of the State Apprenticeship Council. It is a rather technical point that continues to be considered and resolved.

CATHERINE NIELSEN (Executive Director, Nevada Governor's Council on Developmental Disabilities):

Though the Council would love to wholeheartedly support this bill, it has concerns. As written, S.B. 431 has several areas that need to be addressed prior to passing. You heard in prior testimony the term "nothing about us without us." If you are unsure what that means, the concept is that decisions should not be made affecting the lives of others without including them in the conversation.

Prior to the amendment being submitted, there was mention of cabinet secretaries who would be responsible for overseeing various areas of service, including workforce, education, public safety, military affairs, commerce and administration, energy, environmental, public works and health and human services. The Council was hopeful the appointed cabinet secretaries would provide a layer of accountability within the State that did not previously exist. By eliminating the cabinet secretary positions, you have made a major improvement take two steps back.

The State can support the needs of these individuals through increased training and awareness provided not only through State agencies but community partners as well. Increasing awareness of the needs and rights of the target population throughout all levels will lead to a greater understanding and inclusion of the target population.

Policies and procedures throughout the programs and services should consider the needs of the target population as well as the needs of all people with disabilities and others in the State. The needs of individuals with disabilities span all areas, including education, employment, health and human services, business, environment and entertainment industries. Inclusion and collaboration of the target population in all programs should be the standard at all levels of human service.

We encourage the Governor's Office to work with each of these impacted individuals and programs, boards, councils and commissions to support them to ensure their intended impact and focus is not lost in these changes and transitions.

AMBER FALGOUT:

I have submitted written testimony ([Exhibit I](#)) in opposition to S.B. 431.

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EMILY PERSAUD-ZAMORA (Executive Director, Silver State Voices):
Silver State Voices opposes S.B. 431. I have submitted a letter ([Exhibit J](#)) in opposition to S.B. 431.

DORA MARTINEZ (Nevada Disability Peer Action Coalition):
The Coalition wants to support this bill but as written the Coalition opposes it. I ditto prior callers, especially Catherine Nielsen. I emphasize the phrase "nothing about us without us." The Coalition encourages elected officials to work together to include us in the "baking of this bill because if you are baking blueberry cake and you forgot to put in the blueberry and you get it out of the oven and like, oh my gosh, supposed to be a blueberry, just put on top. It does not taste good." We encourage you to include the population of disabled Nevadans in this bill.

We want to work. I want to work. Many people in my organizations want to work, but the system is broken; and now with this bill, it will be more broken. There is no transparency. There is no accountability. Where do we go? We are stranded. We want to work and help our children because we are parents. We want to do our part as taxpayers.

JENNIFER WILLETT (Grassroots Manager, All Voting is Local):
All Voting is Local is an organization whose mission is to fight for policies and legislative priorities to expand voter access. All Voting is Local opposes S.B. 431. I ditto the comments before me. We urge a no vote on this bill.

CHAIR FLORES:
I have received two letters ([Exhibit K](#)) in opposition to S.B. 431.

KELLY WUEST (Administrator, Commission on Postsecondary Education, Nevada Department of Employment, Training and Rehabilitation):
The Commission on Postsecondary Education licenses and regulates private postsecondary education institutions and services. The Commission is the State approving agency for VA education benefits provided through a federal cooperative agreement.

The Commission is listed in section 20, subsection 2, paragraph (b), subparagraph (28) on page 25 of the bill as a professional and occupational licensing body. However, the Commission is not an occupational or professional licensing body but a statutory body created by the Legislature.

Nevada Revised Statutes 394.385 limits the composition of the Commission for postsecondary licensing bodies to two representatives from private postsecondary educational institutions of the eight-member body. Therefore, the antitrust issue presented as a reason in the bill does not apply to the Commission.

In 2017, the Legislature moved the Commission to DETR. While the initial transition was difficult because the Commission is self-sustaining, it has benefited from the coordinated efforts with other DETR departments in bringing awareness of the Commission to protect students and support the work system of Nevada.

There are both positives and negatives to any of these changes in the bill. The Commission wants to be listed in the proper place.

ANDREW LEPEILBET (Chair, United Veterans Legislative Council):

The United Veterans Legislative Council represents 279,000 veterans in Nevada. According to the 2020 census, that is about 8.9 percent of the population which makes Nevada the seventh highest in population of veterans in the Nation. When you consider veterans and their immediate families, that is over a half a million Nevadans.

The Council is focused on veterans, their families, the National Guard, the military and their families. The Council has a few issues with this bill which is why it is neutral. With 16 percent of our population either being veterans or direct family members, it is difficult to understand why the Nevada Department of Veterans Services has been moved under another department in the structure.

Most of you who have known me for years may not know that prior to being just an old veteran, I ran businesses. One of the biggest I ran in the United States for a worldwide company was 100 years old. One of the issues in running big businesses, like a government, is one only has a certain sphere of influence in leadership. When it gets too broad, as happened to governors in the past, too many direct reports dilute their effectiveness.

"However, I am asking you to take one of these agencies and put it back separate because it represents a key element in our State's population."

The other one is the Nevada Department of Agriculture. Nevada is an agriculture, mining and gaming state, and now more so a manufacturing state. Two of the fundamentals to all businesses and survival of societies is agriculture and manufacturing. That is one of our main issues.

The only other issue is on page 68 of the bill which limits the point system on veterans' preference but keeps veterans' preference. How are you going to keep the preference?

CHAIR FLORES:

I appreciate you bringing that up because we originally intended to address that issue. They still want to give preference to veterans and widows of veterans, but they change that ten-point system. However, we will have them address that at the conclusion of the hearing.

I have received a statement ([Exhibit L](#)) in the neutral position from the Nevada Governor's Council on Developmental Disabilities and the Nevada Statewide Independent Living Council.

MR. WELLS:

I look forward to working with you to make some of the changes needed to get this into the bill that will get passed.

CHAIR FLORES:

In section 92 on page 68, lines 9 and 10 of the bill reference veterans and widows. That issue was brought up, and we did not have an opportunity to engage in that.

Ms. BOWSMITH:

It is not our intention to eliminate veterans' preference or preferences for widows or widowers of veterans. It is our intention to preserve that preference, However, we want to perpetuate how it works into the future. We have largely eliminated examinations from the civil service process in the State because most of the job classifications do not require examinations. As an example, one does not have to take a typing test to become an administrative assistant.

In terms of veterans' preference with recruiting, once we establish pools of eligibility or pools of eligible persons, veterans' preference applies when anyone who has identified as a veteran is on the "you must interview list." An agency

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gets that list or pool of people and is required to interview all individuals who have identified as veterans during the course of its selection process.

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CHAIR FLORES:

That clarification is important for our veteran community.

We appreciate the overall intent to modernize and make government more efficient. However, we still continue to have reservations about where we can balance that with transparency and accountability. We can continue to work together and achieve that objective, both transparency and efficiency, and work with the various agency heads present today. Hopefully, we can move something.

This meeting of the Senate Committee on Government Affairs is adjourned at 8:00 p.m.

RESPECTFULLY SUBMITTED:

Suzanne Efford,
Committee Secretary

APPROVED BY:

Senator Edgar Flores, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 431	C	10	Ben Kieckhefer / Office of the Governor	Proposed Amendment 3618
S.B. 431	D	38	Mandee Bowsmith / Division of Human Resource Management	Letter of Clarification
S.B. 431	E	58	Senator Edgar Flores	Eight Letters of Support
S.B. 431	F	58	Annette Magnus / Battle Born Progress	Letter of Opposition
S.B. 431	G	59	Alexander Marks / Nevada State Education Association	Opposition Testimony
S.B. 431	H	59	Ross Armstrong / Nevada Commission on Ethics	Letter of Opposition
S.B. 431	I	60	Amber Falgout	Written Opposition Testimony
S.B. 431	J	61	Emily Persaud-Zamora / Silver State Voices	Letter of Opposition
S.B. 431	K	61	Senator Edgar Flores	Two Letters of Opposition
S.B. 431	L	63	Senator Edgar Flores	Neutral Written Testimony