

MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE

Seventy-Fifth Session
February 5, 2009

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Morse Arberry Jr. at 9:08 a.m. on Thursday, February 5, 2009, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblyman Marcus Conklin
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Joseph M. Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblyman John Ocegüera
Assemblywoman Debbie Smith

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Cochair
Senator Bernice Mathews, Cochair
Senator Bob Coffin
Senator Joyce Woodhouse
Senator Warren B. Hardy II
Senator William J. Raggio
Senator Dean A. Rhoads

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Linda Smith, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Arberry asked the committee assistant to call roll and to please mark Speaker Buckley and Cochair Horsford present. The Chair then recognized Dr. Michael Fischer, Director, Department of Cultural Affairs.

DEPARTMENT OF CULTURAL AFFAIRS BUDGET OVERVIEW

Dr. Fischer emphasized the Department of Cultural Affairs was acutely aware of the state's fiscal crisis and the Governor's constitutional responsibility to balance the budget. Dr. Fischer began the Department's budget overview ([Exhibit C](#)) and stated the Department's mission was to preserve, protect, enhance, and develop Nevada's cultural resources. He referred to the many new residents in Nevada and said the Department provided a visceral connection to Nevada that could turn residents into citizens. Dr. Fischer referred to Guy Rocha, former Acting Administrator of the Division of State Library and Archives, and pointed out Mr. Rocha had consistently stressed the importance of "taking the people who had moved into Nevada and making them Nevadans."

Dr. Fischer referred to the Department's contributions to the state:

- Education: Provided a major portion of Nevada history education through students visiting the state's museums
- Entertainment
- Economic Development
- Tourism

Dr. Fischer said the Director's office had responsibility for Department administration, marketing, and legislatively approved funding for the Governor's Advisory Council on Education Relative to the Holocaust and the Nevada Humanities. Dr. Fischer referred to the fiscal recap ([Exhibit C](#), page 7) and noted funding reductions for the Director's Office in the 2007-2009 biennium totaled \$144,345. For the 2009-2011 biennium, The Executive Budget recommended:

- A 30 percent General Fund reduction of \$650,000
- A 20 percent staffing reduction
- Elimination of the Commission on Tourism Marketing Funds

Dr. Fischer said the Department had attempted to be creative in addressing the impact of the reductions by consolidating administrative and information technology areas. Also, the Director's Office staff, along with the Nevada Arts Council, would move from leased space to the Division of Nevada State Library and Archives building in a cost-saving maneuver.

Assemblywoman Leslie requested clarification under the heading "Impact of Reductions," on page 9 ([Exhibit C](#)). She pointed out the narrative indicated only the southern Nevada office of Nevada Humanities would be jeopardized by the reductions. Assemblywoman Leslie said traditionally Nevada Humanities received an appropriation of \$100,000 each year of the biennium, and it appeared, based on her review of the budget, funding for FY 2010 and FY 2011 would be eliminated.

Patrick Cates, Deputy Director, Department of Cultural Affairs, verified the Department had traditionally given Nevada Humanities \$100,000 annually. Mr. Cates said it was his understanding the funds were used to support the southern Nevada office. He confirmed the Department's budget request recommended eliminating the pass-through funding for Nevada Humanities.

Dr. Fischer added for the record that the Department did not want to eliminate the funding for the Nevada Humanities and noted he was a Humanities on the Road Speaker and a Chautauqua and was firmly supportive of the Humanities. Dr. Fischer said his choice would be to continue the funding. He pointed out all agencies were making difficult choices. Dr. Fischer referred to the Exploring Nevada video series aired on Nevada Public Radio (KNPR) throughout Nevada and said the program would also be lost because of the budget cuts.

Continuing his presentation, Dr. Fischer referred to the Governor's Advisory Council on Education Relative to the Holocaust. The Council developed programs for the education of children and adults in issues related to the Holocaust. Many Holocaust survivors visited schools and made presentations to the students. Dr. Fischer pointed out the program clearly helped to showcase the atrocities of the Holocaust in hopes of preventing a similar scenario in the future.

Assemblywoman Leslie asked for clarification regarding whether some administrative positions were recommended for movement from the division-level into the department-level.

Dr. Fischer deferred to Mr. Cates, who indicated The Executive Budget recommended transferring one information technology professional and one program officer from the Nevada State Library budget to the Department's administration budget. The Director's Office provided oversight of the network and currently had two information technology (IT) professionals located in the Director's Office. The decision was made to have all the IT professionals located in the same office to provide better management of the state's IT resources. Because the program officer served as the Department's webmaster, a department-wide function, the position was also recommended for transfer to the administration budget. The Executive Budget also recommended transferring fiscal staff from the Nevada Arts Council (NAC) budget to the Director's Office to help manage the Director's budget and the NAC budget. Mr. Cates pointed out a management analyst position in the Director's office having responsibility for contract management and internal audit was recommended for elimination. Fiscal staff from the Nevada Arts Council (NAC) could help manage both the Director's Office budget and the NAC budget; the executive assistant could assist with contract-management functions.

Assemblywoman Leslie voiced concern over the recommended programmatic cuts and the closing of important cultural resources, virtually eliminating a large portion of the Department of Cultural Affairs, and indicated she did not support the budget cuts. Assemblywoman Leslie said if the Legislature was going to make the cuts, members needed to make certain the correct positions were recommended for elimination. Assemblywoman Leslie predicted the budget as presented would be revised during the legislative process.

Senator Mathews concurred with Assemblywoman Leslie's concerns and said she understood some areas needed to be reduced. She noted the Nevada Historical Society and the Washoe County Library had been extremely important to her children throughout their formative years. Senator Mathews hoped legislative members would find creative ways to address the recommended budget cuts and said she could not imagine not having access to cultural venues, which were extremely important for individuals with limited incomes. In conclusion, Senator Mathews said museums and libraries were there for the children.

Dr. Fischer continued the presentation and referred to the NAC budget ([Exhibit C](#), page 11). The Council administered the National Endowment for the Arts grants of approximately \$700,000 annually. Dr. Fischer briefly covered the Council's programs and pointed out the Arts in Education program was made more important after the federal No Child Left Behind Act was enacted. Federal emphasis was on areas other than history and the arts. Dr. Fischer stated funding for the NAC was extremely important and resulted in a major positive influence for Arts education in Nevada. The art programs provided training for teachers and supported the arts curriculum development. Dr. Fischer continued and said the NAC also supported grant programs, which had an important economic development component, especially in Nevada's rural areas and, to a less noticeable extent, in the urban areas. Dr. Fischer said page 12 ([Exhibit C](#)) contained a list of the other programs administered by the Council, including the popular Folklife program, which supported traditional art forms and cultural expressions. The NAC was continually making the arts and arts community more accessible to the general public; an example was the Nevada Ballet appearance in the Eureka Opera House made possible by the American Masterpieces grants.

Dr. Fischer noted the 2007-09 biennial budget for the NAC was reduced by \$258,088. For the 2009-11 biennium, The Executive Budget included a 52 percent reduction in General Fund appropriations; a total of \$1.9 million. Staffing would also be reduced by 20 percent. The recommended reductions were substantial, and the Department would attempt to be as innovative as possible. Continuing, Dr. Fischer referred to the impact of the budget reductions. He asked the Joint Committee to note the loss of the economic stimulus generated by Nevada's arts on page 15 ([Exhibit C](#)). The effects included:

- Less business for local retailers and vendors from arts organizations
- Less event-spending by arts audiences/consumers
- Less employees in creative industries
- Less tax revenue for state and local government
- Less leverage of additional dollars from public/private sources

Dr. Fischer said:

We know these are tough times. We are supportive of doing what we have to do as part of the solution. We still have bones, and we are anxious to put meat back on them. We don't know when that will occur, but being able to just have the skeleton upon which to build, we know we can come back to the stronger more vital and vibrant organization.

Assemblywoman Leslie asked whether the Department would be able to provide the Committee with a list of priorities to possibly be placed back in the budget. She recognized the Joint Subcommittee on General Government and Accountability would also have its own priorities.

In response, Dr. Fischer indicated the Department was receptive to any interest by the Subcommittee in looking at other possible solutions and would bring the recommendations forward.

Assemblywoman Leslie asked whether the Council had already prepared the priorities. Dr. Fischer said he thought the cuts had been based on priorities, but pointed out the Department would like to have the opportunity to revisit the area. The agency was looking for all possible efficiencies.

Assemblywoman Leslie stressed the importance of having the priority list prepared prior to the Department's next Subcommittee meeting and indicated she would review the list even though she was not a member of the Subcommittee.

Susan Boskoff, Executive Director, Nevada Arts Council, introduced herself and said she understood the current economic challenges were overwhelming. A keynote presentation at the Oasis 2009 Conference in Reno was titled "A Crisis Is a Terrible Thing to Waste." Ms. Boskoff pointed out there were many opportunities when faced with challenges. She noted the best and the brightest and those in the creative workforce and the creative industries could help solve the challenges. During the 1930's and 1940's, the Federal Arts Project employed more than 5,000 artists who created approximately 250,000 pieces of art currently remaining in numerous state and federal buildings. Ms. Boskoff pointed out the cultural industry was part of the solution.

Ms. Boskoff expressed appreciation for the one-shot appropriation approved by the 2007 Legislature and said she could provide examples of the benefit a small amount of funding could provide to expand the reach of the programs of the NAC. Outreach programming ensured individuals in rural communities, suburbia, and even inner cities had access to the arts.

Ms. Boskoff referenced the Nevada Touring Initiative (NTI) program which included two components: the Traveling Exhibition Program and the Tumblewords Program. Both components provided outreach and educational services which enhanced visual arts exhibits or literary readings. During the current biennium, the NTI program traveled to 12 Nevada counties and 22 communities, and more than 141,000 people attended the activities.

Ms. Boskoff continued her presentation and said the Council also focused strongly on developing and maintaining the infrastructure, which had been nurtured by the NAC since its creation in 1967. The Grants Program had 16 different grant categories. In FY 2008, the Grants Program processed approximately 185 applications and awarded 166 grants. Approximately \$1 million was awarded to organizations which supported \$32 million in programs that were located in Nevada's major cities and rural communities. Ms. Boskoff said it was important to note the Grants Program received funding in FY 2009 of approximately \$900,000 to award in the annual grant categories, Primary Project Development and Partners in Excellence; the grants ranged between \$4,000 and \$30,000. If the cuts included in The Executive Budget were averaged out with the same number of applicants as in FY 2009, the amount of dollars to be awarded for individual grants in FY 2010 would be between \$1,000 and \$6,000—a huge drop in terms of supporting those businesses providing cultural activities in urban and rural areas.

Ms. Boskoff said there were a number of other statistics she wanted to share with the Committee, but recognized time was limited. She referenced a packet which had been distributed to the members. The packet included:

- NAC Annual Report, FY 2008 ([Exhibit D](#)).
- The Fine Arts Standards ([Exhibit E](#)).
- An education guide titled "The Lingo Of Our Calling" ([Exhibit F](#)) created in conjunction with Western Folklife Center.
- A postcard, which contained an invitation to attend a Traveling Exhibition and a photograph by Erik Lauritzen ([Exhibit G](#)).

Assemblywoman Smith asked what the NAC expected from the federal stimulus package. Dr. Fischer said he thought the National Endowment for the Arts portion and "shovel-ready" library projects had been removed from the package. He pointed out the U.S. Senate had not yet passed the stimulus bill, but it appeared Senate members were being more restrictive than the House.

Assemblywoman Smith acknowledged the large turnout of support for the Department of Cultural Affairs and encouraged everyone to stay involved in the process. She emphasized the importance of also looking at other areas such as the education budgets which would also be significantly affected by the budget cuts.

Dr. Fischer interjected and said he might have misspoken. It had been brought to his attention that \$350,000 was recommended in the final stimulus package for arts in Nevada.

Assemblywoman Smith asked Dr. Fischer to follow up to determine the actual amount of funding included in the stimulus package for the arts. She wanted to know how the additional funds would be incorporated into the budget.

Assemblywoman Smith said she had understood the literacy coordinator position was not going to be eliminated and noticed it had been eliminated in The Executive Budget. Dr. Fischer said there had been any number of different scenarios for budget cuts and numerous ones for the Department of Cultural Affairs. In the final iteration, the literacy coordinator position was not included in the budget.

Assemblyman Denis asked whether the library cuts would have a greater impact on disadvantaged individuals than it would on other groups and wanted to hear more about the issue in Subcommittee.

Dr. Fischer noted any cuts in libraries would affect all economic strata. Unfortunately, the people in the lower socioeconomic strata had few options, and the use of libraries became extremely important. Dr. Fisher pointed out that numerous newspaper articles had reported use of libraries increased in hard times.

In response to a question posed by Assemblyman Denis on library usage, Dr. Fischer indicated both usage and need would increase because individuals would not have other options.

Ms. Boskoff pointed out citizens living in Nevada's rural communities would have disproportionate cuts to library services. Eliminating virtually all state dollars from the budget would mean outreach programs could not be provided because of lack of travel funds. Additionally, no matching funds would be available for the program. Ms. Boskoff said public dollars through the Arts allowed organizations to offer free activities or reduced ticket prices to community members.

Assemblywoman Gansert voiced her appreciation for the work of the Nevada Arts Council, which was widespread throughout Nevada, and noted that she had received positive feedback from grant recipients.

Dr. Fischer continued his presentation and referred to the Office of Historic Preservation ([Exhibit C](#), page 18). Programs included the preservation of historic buildings and archaeological sites and the Commission for Cultural Affairs. The Commission administered \$3 million in grants annually to restore

historic buildings throughout Nevada. Some of the beneficiaries included the Las Vegas Post Office, the Pioneer Auditorium in Reno, and the Western Folklife Center in Elko. Many more historic buildings had been restored throughout Nevada, and Dr. Fischer said he believed the Committee's constituents had benefited from the restorations. Dr. Fischer referred to the Comstock History Center, home to the Comstock Historic District Commission and a valued tourist attraction, and said its closure would adversely affect tourism. The Site Stewardship Program used volunteers to monitor sensitive archeological sites on public lands. The volunteer contribution consisted of 466 active site volunteers with 8,000 volunteer hours valued at \$160,000 in one year.

Dr. Fischer referred to page 19 ([Exhibit C](#)) which included a recap of the 2007-2009 biennium:

- Legislatively approved funding of \$1.3 million in General Fund appropriations, \$1.4 million in federal and other funds, and \$3 million in general obligation bonds.
- Current biennium reductions of \$80,000 from the loss of the Historic Marker Program, network conversion savings, and personnel savings.

Dr. Fischer said the 2009-2011 biennial budget request represented a 59 percent General Fund reduction of \$750,000. The reduction included:

- The use of the Commission for Cultural Affairs interest money to fund the Office of Historic Preservation administration
- Elimination of preservation grants
- Elimination of the Site Stewardship Program—the only state historic preservation office in southern Nevada
- Closure of the Comstock History Center
- Staffing reduced by 16%, resulting in the layoff of three employees

Dr. Fischer referred members to pages 21 and 22 of the handout ([Exhibit C](#)) which delineated the mission and consequences of the loss of the Site Stewardship Program. Pages 23 and 24 described the mission and the potential impact of the loss of the Comstock History Center.

Dr. Fischer began review of the Division of State Library and Archives and said the Division provided:

- library functions for both state agencies and the public
- statewide planning, training and development for local library districts
- records management
- maintenance of State archives

During the 2007-2009 biennium, funding for the Division's budget was reduced by \$800,000. The reduction was achieved by:

- Delaying the southern Nevada Records Center
- Eliminating increases for inflation and the cost of books and periodicals
- Diminishing the amount of money for collections development
- Salary savings

The Executive Budget for the 2009-11 biennium resulted in a General Fund reduction of \$4.1 million, or 35 percent. The specific reductions included:

- A 45 percent staffing reduction that included the elimination of 29 positions and 14 employee layoffs
- A reduction in access to the records center to 3 days per week
- Limitation on public access to the Nevada State Library
- Limitation on public access to the State Archives to appointment only

Dr. Fischer addressed the Committee and called attention to Guy Rocha, retired State Archivist, and said:

We are having a recognition party for his retirement. Most say he worked as State Archivist for 28 years; he actually worked for the State of Nevada 32 years, 1 month, and 13 days—but who's counting. He graduated from Clark High School as a state champion wrestler, went to Syracuse University, and came back and immediately started converting residents to citizens. Thank you Guy!

Senator Coffin interjected with a comment indicating the Senate planned to invite Mr. Rocha to the Senate Floor in the near future.

Assemblywoman Leslie voiced concern with limiting public access to the records and requested clarification of "public access by appointment only" listed on page 30 of the handout ([Exhibit C](#)).

Daphne DeLeon, Administrator, Division of State Library and Archives, explained people needing access to archives would have to call for an appointment, staff would then become available to provide assistance and pull the requested materials. An individual requesting access would be able to converse with the researcher who could assist in finding additional records.

Assemblywoman Leslie pointed out archives were under the Office of the Secretary of State in the 1970s and she recalled archives in other states were often located in their secretary of state offices. Ms. DeLeon noted nationwide there were archival repository institutions located under the secretary of state. Others were located under cultural affairs, and, in a few select states, in the legislative agency. However, the preponderance of agencies reported to the secretary of state.

Assemblywoman Leslie thought the Subcommittee members would have to consider a method of making the records more accessible to the public.

Assemblyman Denis asked how the recommended reduction in the collection development fund would affect libraries throughout the state. Ms. DeLeon pointed out public libraries provided access to disadvantaged populations. The reduction in the statewide collection development funding would result in fewer materials that could be purchased at the local level.

Dr. Fischer continued his presentation and said the amount of hours libraries would be open to the public and the number of staff would be reduced.

Assemblyman Denis asked how the cuts would affect the existing federal grants. Ms. DeLeon said the Governor's Office recognized that funding from the Library Services and Technology Act was essential, \$1.6 million annually, and sufficient funding was put back into the budget to ensure match funds.

Dr. Fischer introduced Peter Barton, Acting Administrator, Division of Museums and History. He said Mr. Barton had received three internationally recognized Awards of Merit from the Themed Entertainment Association for his work in

managing museum exhibit design themes for the National Museum of the Marine Corps, Chicago Museum of Science and Industry, and Mount Vernon. Dr. Fisher said the internationally recognized Award of Merit was the museum industry's equivalent of an Emmy.

Dr. Fischer said the Division of Museums and History had seven state museums. The Nevada Historical Society, founded in 1904, was the oldest. The Nevada State Railroad Museum in Boulder City was the newest and provided approximately 22,000 train rides annually. During the 2007-2009 biennium, the Division made budget reductions totaling \$1 million. The reductions included:

- Personnel savings
- Delayed opening of the new Las Vegas Springs Preserve Museum
- Publications and research savings
- Delayed maintenance and equipment purchases

Dr. Fischer addressed the Capital Improvement Projects (CIPs) and noted the major capital projects undertaken in the current biennium and dates of completion that were listed on page 54 of the handout ([Exhibit C](#)).

Dr. Fischer said:

Specifically we would like to speak about the Nevada State Museum, Las Vegas at the Springs Preserve. As you can see, it's a most impressive building. The facility contains 78,145 square feet and will become the flagship of our museum system. The building will be substantially completed in late March or early April 2009. I would like to call your attention to the eliminated CIP 09-C04, which would have funded the Nevada State Museum, Las Vegas exhibit package. Reinstating CIP 09-C04 into the process is extremely important and allows opening the museum in a timely manner.

The Executive Budget included a General Fund reduction of \$5.2 million, a 40 percent reduction. Staffing was reduced by 45 percent; 33 positions were eliminated, 16 employees were laid off, and 52 employees had hours reduced to 32 per week.

Dr. Fischer referred to the recommended temporary closure of the East Ely Railroad Depot Museum and said closure was clearly not what the Department would prefer. He pointed out the money saved from temporary closure could easily be depleted securing collections and securing the facility. Most importantly, the closure would have a potentially devastating effect on a local economy that already had severe challenges. The overall Division of Museums and History budget reduction of \$5,185,755 would have an impact on a wide segment of Nevada's population.

Assemblywoman Leslie commented on the pictures of the Las Vegas Springs Preserve Museum, included in the presentation ([Exhibit C](#)) and said they were wonderful. She thought Nevada would have the only flagship museum that was unopened and was vacant. Assemblywoman Leslie asked Dr. Fischer to provide the Subcommittee with information on what the operating costs would be for the museum minus the admission fees and, if possible, provide some options for the Subcommittee such as operating a few days or weekends only.

Dr. Fischer said he appreciated Assemblywoman Leslie's concerns and would be happy to provide the requested information. He pointed out there had been challenges during the construction period. Dr. Fisher indicated, if funded, it would take 13 months to complete the construction of exhibits.

Senator Rhoads pointed out the railroad in Ely was the pride of White Pine County and was one business that provided revenue for the county. He asked if the Division had determined the cost of keeping the railroad open Friday through Sunday each week.

Dr. Fischer said the Department had compiled data for Thursday through Sunday. A four-day work week in museums would allow four days of tourist usage and two days of academic usage. Dr. Fischer said he would be happy to provide the information requested by Senator Rhoads.

Senator Raggio stated no one had looked forward more than he had to the opening of the new museum in Clark County; however, he indicated he would have a tough time trying to find funds to open the building and staff the facility if the opening would result in closures of existing museums. Senator Raggio said he was merely sending a signal that the Subcommittee needed to keep in mind that it would be difficult to justify closing three or four museums and laying off existing staff and then opening a new facility at a very high cost and staffing that facility. Senator Raggio said he was extremely disappointed with the individuals who had made pledges and commitments for private funding and had reneged on the commitments. Those commitments were part of the initial approval of the new museum, and the funds were not forthcoming.

Dr. Fischer returned to his presentation and referred to page 57 ([Exhibit C](#)) which addressed the losses in education, the overall economy, and the leveraged value of museum volunteers. The Division had numerous volunteers who donated many hours and worked hard to make the system vibrant. The impact of the reductions would be noticed in terms of service and availability of venues.

Dr. Fischer resumed his presentation and pointed out the Department of Cultural Affairs' budget was reduced by \$12,583,721, a 40 percent decrease. Staffing was reduced by 40 percent and 66 positions were eliminated. The reductions would affect many sectors including tourism, education, economic development, and the state's overall cultural vitality.

Dr. Fischer said:

We feel good about the sense that we still have a skeleton upon which to build and we know that economic times come up and go down and this is an especially tough one, but we are here, we are going to do the best we can creatively to use that skeleton to build what we need. If you think about it, in the last biennium, fully funded, we represented 0.46 percent of the State's General Fund. For that pittance we provide many more leveraged dollars through volunteers and grants that we provide to local economies and local entities. When times improve, we would ask for an early restoration of our normal budget. We are anxious to convert more residents to citizens. Thank you for your time.

Senator Coffin asked Dr. Fischer to let Ms. Boskoff know that members of the arts community were the most responsive in sending letters of appreciation to legislators for grants they received as a result of legislative appropriations. He

felt the letters of appreciation received by the legislators were, in fact, letters of appreciation for the people of the State of Nevada. Senator Coffin said he would try to restore funding for the arts before the session ended.

Martha Gould, former Director of the Washoe County Library, Past Chair of the U.S. National Commission on Libraries and Information Science, and a member of the Governor's Advisory Council on Education Relating to the Holocaust, said she supported Dr. Fischer's testimony. Ms. Gould said the arts, museums, and libraries were the cultural backbone of Nevada. The Legislature over the past quarter of a century had provided millions of dollars in the development of library services. Ms. Gould voiced concern the budget cuts would be so devastating that it would take years to recoup. She said:

There is in this room enormous brain power of people who are dedicated to the arts, dedicated to museums, dedicated to libraries, and I would hope that perhaps we could help the Department of Cultural Affairs in being creative in addressing some of these issues and how we can stretch dollars.

Ms. Gould continued and said she understood the human needs of the citizens of Nevada were a high priority; however, in dire times, food for the soul and food for the mind comes from libraries, from schools, from the Arts, and from museums. She asked how many Committee members were aware the Nevada Historical Society in Reno received the first National Museum Services award for its creative outreach programs to schools and libraries. Ms. Gould indicated the members had a copy of her remarks ([Exhibit H](#)). She concluded her presentation and said it was President Madison, who in 1822 stated:

A popular government, without popular information or the means of acquiring it, is but a prologue to a farce or a tragedy or perhaps both.

In conclusion, Ms. Gould emphasized the importance of protecting the cultural history of Nevada.

Beth Macmillan, Executive Director, Artown, began her presentation and read her testimony as follows:

Artown began in 1996 when business leaders and city government used arts and culture as an economic tool to ignite our downtown, which was, at that time, quite desolate. Artown paved the way for redevelopment in downtown Reno. Since Artown started, residential, retail, restaurants, and a whitewater park blossomed in downtown Reno.

What started as a three-week festival has grown into a 31-day celebration of the arts. Last year alone we served more than 350,000 people in about 100 locations throughout Washoe County. Sixty percent of the events were free, an average of seven free events every day, and it took more than 100 partners to make this festival happen. The Nevada Arts Council's support parlayed into and injected \$14 million in the economy.

In conclusion, Ms. Macmillan said the arts were very good for business.

Shayne Del Cohen, Member, State Historical Records Advisory Board, a federally funded advisory board to the Governor, said the Board's mission

was to identify, protect, and preserve Nevada's documentary heritage. Ms. Del Cohen said the Board had notified the Governor and wanted the Committee to understand closings and consolidations of programs recommended in The Executive Budget could result in many invaluable collections of documents, records, and physical objects being placed at risk. She asked the Committee to consider including in the final budget a provision to protect and preserve the aforementioned documents and records.

Ms. Del Cohen recognized the budget hearing addressed the Department of Cultural Affairs, but she pointed out all state agencies had records, and if records were not protected and preserved, there could be some large civil suits down the road.

Senator Coffin asked whether the Governor had responded to the Advisory Board concerns. Ms. Del Cohen said she had heard there had been an informal response, but the Board did not receive a formal response.

Martha Gould said there were two research libraries: the library in northern Nevada was maintained by the Washoe County Library System; the library in southern Nevada was housed at no cost to the taxpayers by a Jewish family services agency, but funds were not available to support a librarian. All other functions were covered by volunteers. Ms. Gould hoped the Legislature could include \$30,000 in the Department of Cultural Affairs' budget for a librarian.

Mary-Ellen McMullen, member of the Nevada Humanities Board of Trustees, read the following testimony into the record:

Nevada Humanities is very grateful for the financial support it has received from the State of Nevada over the past twenty years. Twenty years ago a legislative study recognized the importance of the humanities as an important part of the cultural fabric of our state. Along with the Arts Council, the Office of Historic Preservation, and the state's libraries and museums, the humanities add to the quality of life, enhance education, and contribute to economic vitality. In periods of change and economic unrest, the humanities are as important as ever, if not more so, for they provide a touchstone in the face of uncertainty by bringing people together for conversation and discussion about significant issues, by introducing them to great minds and to great thinkers and by acquainting people with the state's heritage and history. The Humanities help build stronger communities and encourage civic reflection and engagement.

The last biennium, as you have heard, funding for Nevada Humanities in the Department of Cultural Affairs' budget was \$200,000, all of which was dedicated to our Las Vegas office. The Governor's budget for 2010-2011 includes no funding for the Nevada Humanities. The Board of Trustees feels that this is the wrong time to totally cut the Nevada Humanities from the state budget, which would have the added advantage of removing Nevada Humanities completely from the state's base budget. This would reverse 20 years of

legislative intent and hard work on behalf of the Humanities Board.

We ask you to consider restoring funding to Nevada Humanities at some level. State funding for the humanities is a good investment in the future of the state and its citizens. One measure of our value is that our public funds from the State of Nevada and the National Endowment for the Humanities are routinely matched three to one. More gratifying are the many stories of how the humanities programs have changed people's lives in our state.

Thank you very much for your consideration.

John M. Shelton, Chairman, Reno Arts and Culture Commission, began his presentation by noting that Reno for the past 18 years had worked diligently to redefine and diversify its presence, in part by what it had been doing with the arts. The Reno City Council had created an Arts Commission and had developed a rather significant infrastructure resulting in Reno having a better quality of life for its residents. The economy had also benefited from the arts. The majority of city council members understood the impact the arts had in the community and what the arts had done for all the art groups. The Arts were a progressive action which had helped the community over the years, particularly during a time of recession when the community needed to come together. Mr. Shelton said he hoped the Committee would take that message forward in their deliberations and understand the arts were extremely important in economic development and would help the community during recessions as much as anything else the members would consider.

John Procaccini, Executive Director, Brewery Arts Center, Carson City, introduced himself and said the Center had nine employees, an increase of seven employees over the past four years. Approximately 100 volunteers contributed more than 6,000 hours annually. Mr. Procaccini pointed out the Center also felt the impact of the downturn in the economy and had tried not to rely on a granting process as much as in the past. The Center created additional revenue streams in a more profitable manner through the use of for-profit ventures.

Mr. Procaccini said one area he had not heard addressed during the meeting was the impact the arts have on the children in society. He noted the Center had an award-winning Back Stage Kids Program which hosted 95 children per day. Over the years, society would experience much more of an impact in areas such as crime, healthcare, and elderly care if children lost the ability to be engaged and educated through Arts and culture. Mr. Procaccini pointed out participants in the Center's program had gone on to become actors, professional dancers on Broadway, public speakers, doctors, lawyers, and contributors to society in general. Mr. Procaccini encouraged the subcommittee to consider the impacts outside of arts and culture that would certainly have to be addressed in the years to come.

DEPARTMENT OF WILDLIFE OVERVIEW

Ken Mayer, Director, Department of Wildlife, began his presentation and said he would briefly review the handout ([Exhibit I](#)) which had been distributed to the Committee. Mr. Mayer noted over 97 percent of the

Department's budget was comprised of dedicated funds generated by licensing revenues from hunters and anglers and from federal grants. The General Fund appropriations received by the Department were used to support non-game, general wildlife management. Mr. Mayer said the Department often completed work and then charged the federal grants, which was somewhat different from many other agencies. Mr. Mayer indicated the Department had been able to accommodate the cuts in General Fund support by reducing the size of existing programs and by using federal dollars which were appropriate to use for non-game, general wildlife management.

Mr. Mayer continued and referenced the mission statement of the Department:

To protect, preserve, manage and restore wildlife and its habitat for its aesthetic, scientific, educational, recreational, and economic benefit to citizens of Nevada and the United States, and to promote the safety of persons using vessels on the waters of this state.

Mr. Mayer addressed the history of wildlife conservation in Nevada (Page 4, [Exhibit I](#)):

- First State Fish Commissioner, 1877
- First permanent State Fish Commission employee, 1901
- State Fish and Game Commission and Office of State Game Warden established, 1917
- County control of Fish and Game, 1920 to 1948
- State Fish and Game Commission, made up of 17 county representatives, and county game boards established, 1947
- Nevada Boat Act enacted, 1960
- State Fish and Game Commission was reduced to nine members all appointed by the Governor; name changed from Nevada Fish and Game Commission to Nevada Department of Fish and Game, 1969
- Department of Fish and Game became Nevada Department of Wildlife to reflect responsibilities for all wildlife per Nevada Revised Statutes (NRS) 501.331, 1979
- Legislature realigned Department as a Division of the Department of Conservation and Natural Resources, 1995
- Division realigned as a Department through state Legislature and made a Cabinet level agency, 2003

Mr. Mayer pointed out that the Department's wildlife responsibilities included 892 different species regularly occurring in Nevada (page 6, [Exhibit I](#)), making Nevada the 11th most diverse state in the nation. The wildlife responsibilities covered:

- 456 species of birds
- 173 species of fish
- 161 species of mammals
- 78 species of reptiles
- 24 species of amphibians

Page 7 of the presentation ([Exhibit I](#)) included the economic impacts of wildlife and boating-related recreation to Nevada: Mr. Mayer said hunting

generated \$145 million in retail sales, and wildlife watching generated \$362 million in retail sales. The total estimated value of wildlife and boating to Nevada's economy was approximately \$2 billion each year. The rural counties especially benefited from the economic impacts.

Mr. Mayer addressed the Agency Program Profile (page 8, [Exhibit I](#)):

- Board of Wildlife Commissioners had responsibility for policy
- 17 County Advisory Boards to manage wildlife
- Director and Commission Secretary, appointed by the Governor
- 243 Full-Time Employee Positions Statewide
- 7 Program Divisions

Mr. Mayer said Department staff served on numerous national and international committees to keep Nevada's issues and policies at the forefront of what was happening in Washington, D.C. through the Association of Fish and Wildlife agencies.

Mr. Mayer addressed the Operations Division of the Department and said its responsibilities included license sales, boat registration, human resources, and facilities operations. The Conservation Education Division was recognized as one of the best in the nation among the state fish and wildlife agencies. Mr. Mayer said the Fisheries Division had responsibility for:

- Reservoir and Stream Management
- Fish Hatcheries and Stocking Program
- Native Fish, Crustaceans, and Amphibian Management
- Urban Fishery Stocking and Development
- Angler Information

Mr. Mayer said Nevada, the driest state in the nation, had the most diverse fisheries and offered outstanding fishing opportunities.

Mr. Mayer referred to the Game Division and said Nevada was known for its exceptional mule deer and elk. Nevada had some of the largest bulls taken in the western United States and was the only state in the nation that offered hunting opportunities for three different species of sheep: the Desert Big Horn, the California Big Horn, and the Rocky Mountain Big Horn. Additionally the Division had an aggressive biologically-based predation program.

Continuing, Mr. Mayer said the Habitat Division had responsibility for working in concert with the Wildlife Diversity Division in all areas of habitat work. The Habitat Division also reviewed planning documents from the federal land management agencies. Because 87 percent of Nevada was federal land, the Division had numerous planning documents to review.

Mr. Mayer outlined the Wildlife Diversity Division's responsibilities on page 14 of [Exhibit I](#):

- Sensitive species survey and management
- Endangered Species Act consultation and recovery work
- Habitat Restoration
- Wildlife Action Plan implementation
- Landowner Incentive Program

Mr. Mayer said the Wildlife Diversity Division also had oversight of the Department's Question 1 bond program and maintained the Wildlife Action Plan, which was recognized as one of the best in the nation, as well as the Geographic Information System (GIS) program.

Mr. Mayer noted the Law Enforcement Division had numerous responsibilities and had only 34 wardens statewide. He pointed out the Department's wardens received the same training as the Nevada Highway Patrol. Often the wardens were the only law enforcement available to the general public in remote areas of Nevada's rural communities. Mr. Mayer said Nevada had a robust boating program, thanks to dedicated funding from the U.S. Coast Guard.

Mr. Mayer referred members to page 16 of [Exhibit I](#), which contained a listing of the Department's publications and reports and said the listing was included to demonstrate the types of documents generated for the public that provided both game and non-game information. Mr. Mayer said he was extremely proud of the work of the Department and pointed out pages 16 and 17 ([Exhibit I](#)) contained a summary of the numerous accomplishments. Continuing initiatives ran the gambit from important work on Sage Grouse monitoring, a species on the verge of being listed as an endangered species by the federal government, to monitoring Great Basin ecosystem health. Mr. Mayer said the Department was continually striving to improve sales and service to sportsmen and the general public and anticipated continued growth.

Mr. Mayer began a brief overview of the Department's budgets and addressed the federal grants in Budget Account 4452, Wildlife Administration. The grant funding came from four major sources:

- Federal Aid in Wildlife Restoration Act of 1937 (Pittman-Robertson), which included excise taxes on hunters' equipment
- Federal Aid in Sport Fish Restoration Act of 1950 (Dingell-Johnson), which included taxes on fishing

Mr. Mayer pointed out both the Pittman-Robertson Act and the Dingell-Johnson Act funding included a three-to-one match: the federal government provided \$3 for every \$1 dollar provided by Nevada. The final two sources of grant funding were:

- State Wildlife Grants established at the federal level to provide money to the states for non-game work at a one-to-one match rate
- United States Coast Guard funding for boat programs

Mr. Mayer emphasized the prerequisite requirement for eligibility for the Pittman-Robertson and Dingell-Johnson funds:

States must assent to the provisions of the acts and shall have passed laws for the conservation of wildlife, which shall include the prohibition against the diversion of license fees paid by hunters and fishermen for any other purpose than the administration of said fish and game state agencies.

Mr. Mayer indicated the requirements had been met with NRS 501.115 and NRS 501.117. He noted the importance of fulfilling the requirements because the Department was constantly held under a microscope and audited by the federal government.

Assemblyman Goicoechea requested clarification on the match requirement for Pittman-Robertson and Dingell-Johnson and asked about the limits placed on the matching funds. Mr. Mayer said the limits depended on available funding. He pointed out the Department had recently received the apportionments, and the Pittman-Robertson funding had increased by \$800,000 and the Dingell-Johnson funding had also increased. Mr. Mayer noted there had been a rush by the public to purchase firearms upon conclusion of the recent presidential election, resulting in an increase of the Pittman-Robertson dollars. Mr. Mayer said any limit would be based on the Department's ability to match the Pittman Robertson dollars either with license revenue or other state funds.

Assemblyman Goicoechea asked whether the Department was hampered in any way. Mr. Mayer said it depended on the amount of revenue received over the next year. The Department was fairly confident license sales for big game hunting would be steady but was not certain about sales of licenses for small game hunters and fishermen.

Assemblyman Goicoechea said he wanted to make certain a shortfall was not projected because he did not want to have to return federal dollars. Mr. Mayer said fortunately the only match the Department might not meet related to the State Wildlife grants. General Fund dollars were used to match with the State Wildlife grants to implement the Wildlife Action Plan, which was the non-game work of the Department. The Department had made a commitment to the sportsmen and the Governor not to use dollars generated by sportsmen for non-game work.

David Prather, Administrative Services Officer, Department of Wildlife, began review of Budget Account (BA) 4452, Wildlife-Administration, the Department's principal operating account. Mr. Prather identified the revenue authorities for the account:

- approximately 48 percent federal funds
- 26 percent licensing fees
- 23 percent other revenue
- approximately 3 percent General Fund

Mr. Prather said BA 4452 included more than 400 revenue sources. The expenditures in the account were for personnel costs which covered 243 full-time equivalent (FTE) positions. Approximately 23 percent of the budget covered operating expenses.

Mr. Prather referred to page 26 of the handout ([Exhibit I](#)), which included a summary of the budget cuts for FY 2008 and FY 2009. He noted the General Fund supported 100 percent of the nuisance wildlife activities and 50 percent of State Wildlife grants, and was used as the 25 percent match for Section 6 grants, which dealt with endangered species.

Senator Raggio asked whether it was appropriate to use the Question 1 bond and license dollars as match for the Sage Grouse Program rather than General Fund dollars. Mr. Prather said it was appropriate to use Question 1 bonds. Senator Raggio asked who verified the usage and pointed out the bonds were for capital improvements and similar items.

Richard L. Haskins II, Deputy Director, Department of Wildlife, said the funds were used to implement habitat improvement projects, an allowable expense.

Senator Rhoads asked for additional information on the status of the Sage Grouse Conservation program (a state effort to avoid the listing of the Sage Grouse as threatened or endangered under the Endangered Species Act) under the new administration.

Mr. Mayer responded by noting that a December 4, 2008, decision by the U.S. Fish and Wildlife Service (USFWS) had been postponed. He said that the USFWS had published a status review on its website that said protection of the sage grouse under the Endangered Species Act (ESA) was not warranted at this time. He further advised that the USFWS was waiting to receive a sage grouse monograph before making a decision, which was expected this summer. Mr. Mayer believed an ESA listing appeared unlikely as of now because the Department had provided all of the population information for sage grouse that was requested by the USFWS.

Mr. Prather resumed his presentation and referred to budget cuts in the 2007-2009 biennium that included a combination of vacancy savings, match shifting, and project shifting to avoid layoffs and minimize any impact on programs. Mr. Prather said it was important to note the cuts were not carried forward into the 2009-2011 biennium, although similar cuts were made. Continuing, Mr. Prather said The Executive Budget included cuts of \$502,732 in FY 2010 and \$505,678 in FY 2011 in the Administration budget.

Mr. Mayer said he would quickly go over the effects of the recommended budget cuts. Approximately 60 percent of the cuts would be shouldered by the Wildlife Diversity Division. Mr. Mayer pointed out when there was a public safety issue the Wildlife Diversity biologists and wardens would be available to respond. However, the Department would not be able to provide the current level of public services such as meeting with homeowners to provide information on the proper storage of garbage and other similar services. License dollars would be used to replace lost General Fund dollars. Mr. Mayer continued and said the Law Enforcement Program would continue to handle public safety issues, but would not be able to provide nuisance wildlife services. The Program would also have to cut back on the exotic wildlife enforcement that is currently funded through the General Fund.

Mr. Mayer continued his presentation and referred to the Conservation Education Division which provided the public with general wildlife information and wildlife concerns. That Division would also have to cut back on services.

Assemblywoman Leslie referred to nuisance wildlife and said raccoons were a severe problem in her district. She indicated two raccoons had relocated to her basement during the past year and pointed out that many raccoons carried rabies. Raccoons in southwest Reno were like a plague and were extremely aggressive. Assemblywoman Leslie said she had contacted a trapper at Lake Tahoe to solve her raccoon problem, but he was completely booked. At that point, she had contacted the Department of Wildlife and received assistance.

Mr. Mayer said the Department would work with the counties to arrive at a solution. He pointed out the Department was constrained by the funding source and could not do much to help. He acknowledged raccoons were clever and could get in almost anything, but there were things that could be done. Assemblywoman Leslie stressed the importance of controlling the raccoons in southwest Reno.

Assemblyman Goicoechea noted the bottom line was the Department was cutting back on nuisance wildlife control in urban areas. He said Wildlife Services planned to cut four or five positions from the State Department of

Agriculture. Assemblyman Goicoechea said "folks, we're building a big hole here." He emphasized the importance of the Legislature addressing the urban issues related to wildlife.

Mr. Mayer addressed the bear problems in some areas and said there had been real cooperation from some of the counties as far as ordinances to clean up trash. There had been significant problems with people leaving garbage in unsecured trash containers. Mr. Mayer hoped the counties and cities that had not embraced the Department's proposals to control bears would comply with the proposals. He noted the Department had asked the Interim Finance Committee for additional funding to deal with the bear program.

Mr. Mayer said the Wildlife Diversity Division would be focused on habitat restoration and other activities appropriate to the fund source that would be used for match. Because of the limited time, Mr. Mayer asked Mr. Prather to address the Commission on Tourism funds.

Mr. Prather said decision unit Enhancement (E)125 eliminated a transfer of \$300,000 in each year of the 2009-2011 biennium from the Commission on Tourism. In the past, the funds had been used to support the Department's marketing program, website, and volunteer programs. Because of a cost-benefit analysis, the Department elected to request a replacement of the lost dollars from the Commission on Tourism with reserve dollars.

Mr. Prather said page 36 of [Exhibit I](#) included a brief synopsis of the effects of the salary and benefits decision units. Because the Department received a limited amount of General Fund dollars, those savings did not save General Fund money in the budget. He noted those reductions forced money into reserve for the Department because most of the salaries were paid with federal grant funds and matching dollars required by those grants. He said it just builds the Department's reserve rather than affecting anything else.

Mr. Prather said pages 37 through 40 ([Exhibit I](#)) provided detail on the Department's enhancement units. He addressed decision unit E251 which requested funds for an additional Deputy Director position.

Ken Mayer interjected that in the last 25 years, the Department's responsibilities had increased significantly; however, the infrastructure of the organization had not changed significantly. He felt it was way past time to add a second Deputy Director to the Department. Mr. Mayer pointed out each of the last three Deputy Directors left the Department for medical reasons. The additional position would be supported with dedicated funds and would allow separation of the Department's fiscal services and business services from the wildlife program. Mr. Mayer stressed the importance of the request for a second Deputy Director.

Mr. Prather resumed his presentation and referenced decision unit E901, a request to transfer Water Development program from Obligated Reserve to Administration. This was primarily a housekeeping matter that requested a transfer of category 73 (Wildlife Water Development) from the Obligated Reserve Account, to BA 4458 to category 56 (Habitat) in the Administrative Account, BA 4452.

Mr. Prather said BA 4456 was the Department's Boating Program. He referred Committee members to the Executive Budget Summary on page 42 of [Exhibit I](#) and said the expenditure and revenue data were self-explanatory. Mr. Prather addressed decision unit E325, which would fund boating access improvements, that was funded 100 percent by the Dingell-Johnson federal aid. He said the

Department would lose a large portion of those funds, if not expended. The match was provided by the Division of State Parks who indicated they could accommodate that amount. The Department did not want to lose the funding. Mr. Prather continued and said decision unit E720 requested funds for the communications program. The Federal Communications Commission mandated that all users must convert to narrow band by 2013.

Chair Arberry indicated the Department could provide more detail in future Subcommittee hearings.

In closing, Mr. Prather pointed out all the Question 1 bond funding information was contained in the handout ([Exhibit I](#)) for the Committee's review.

Chair Arberry adjourned the meeting 11:02 a.m.

RESPECTFULLY SUBMITTED:

Linda Smith
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

Senator Bernice Mathews, CoChair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance</u>			
Date: <u>February 5, 2009</u>		Time of Meeting: <u>9 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A	Agenda	
	B	Sign-in sheets	
	C	Dr. Michael Fischer	PowerPoint Presentation handout
	D	Susan Boskoff	Nevada Arts Council Annual Report 2008
	E	Susan Boskoff	The Fine Arts Standards
	F	Susan Boskoff	Booklet titled "The Lingo of Our Calling"
	G	Susan Boskoff	Postcard
	H	Martha Gould	Testimony on State Library and Archives
	I	Ken Mayer	Department of Wildlife, Fiscal Years 2010 and 2011, Budget Overview