

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session  
February 18, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:32 a.m. on Wednesday, February 18, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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: [www.leg.state.nv.us/App/NELIS/REL/78th2015](http://www.leg.state.nv.us/App/NELIS/REL/78th2015). In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman John Ellison, Chairman  
Assemblyman John Moore, Vice Chairman  
Assemblyman Richard Carrillo  
Assemblywoman Victoria A. Dooling  
Assemblyman Edgar Flores  
Assemblywoman Amber Joiner  
Assemblyman Harvey J. Munford  
Assemblywoman Dina Neal  
Assemblywoman Shelly M. Shelton  
Assemblyman Stephen H. Silberkraus  
Assemblywoman Ellen B. Spiegel  
Assemblyman Lynn D. Stewart  
Assemblyman Glenn E. Trowbridge  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None



**GUEST LEGISLATORS PRESENT:**

Assemblywoman Robin L. Titus, Assembly District No. 38

**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Eileen O'Grady, Committee Counsel  
Jordan Neubauer, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Kyle Davis, Private Citizen, Reno, Nevada  
Linda Hartweg, Private Citizen, Fallon, Nevada  
Joye Angle-Kinkade, Board Member, Oasis Squares, Fallon, Nevada  
Carol D. Wilson, Square Dance Caller and Instructor, Reno, Nevada  
Linn Stoutenburg, Chairman, Silver State Square and Round Dance  
Festival, Sparks, Nevada  
Marge Konieczny, President, Capitol Cutups, Carson City, Nevada  
Larry Pizorno, Private Citizen, Reno, Nevada  
Jim Falk, Secretary, Oasis Squares, Fallon, Nevada  
Jim Chrisinger, Private Citizen, Seattle, Washington  
Geoffrey Lawrence, Private Citizen, Carson City, Nevada  
Brian Reeder, representing the Nevada Chapter, Associated General  
Contractors of America, Inc.  
Victor Joecks, representing Nevada Policy Research Institute

**Chairman Ellison:**

[Roll was called. Committee rules and protocol were explained.] Today we are not going to follow the order of the agenda. I will open the hearing on Assembly Bill 123.

**Assembly Bill 123:** Designates the square dance as the official dance of the State of Nevada. (BDR 19-677)

**Assemblywoman Robin L. Titus, Assembly District No. 38:**

Dear Chairman Ellison and members of the Assembly Committee on Government Affairs, I want to sincerely thank you for allowing me to present Assembly Bill 123, which designates the square dance as the official dance of the state of Nevada. [Continued to read from prepared text ([Exhibit C](#)).]

I think this will be the first time in Nevada Legislature history that we are going to have a demonstration of a square dance tip. Carol Wilson will be the a cappella caller. [Square dance tip demonstration.]

**Chairman Ellison:**

In this building, we are usually so uptight and wound up trying to get bills passed that it is good to have something that lifts our spirit. Are there any questions from the Committee?

**Assemblyman Stewart:**

I have enjoyed this very much. In my younger days, I was somewhat of a square dancer. I was very good at the allemande right, but I had trouble with the allemande left. I am very much in support of this bill.

**Chairman Ellison:**

Are there any other questions or comments?

**Assemblywoman Dooling:**

I took a picture of all of you while you were dancing because you were smiling and happy.

**Assemblyman Silberkraus:**

That was absolutely fantastic. Is there a program for people who have two left feet?

**Assemblywoman Titus:**

Yes, there is.

**Chairman Ellison:**

We will schedule this for a hearing at the end of the week. Great job. Is anyone here to speak in favor of the bill?

**Kyle Davis, Private Citizen, Reno, Nevada:**

As many of you know, I am a third generation Nevadan. I grew up in the small town of Lovelock. Most of you probably do not know that both of my grandfathers were square dance callers for a number of years before I was born and also during a period of my childhood. On my father's side, John Davis called for the Cloverleafs in Reno for many years and on my mother's side, Paul Tramble called for the Cloverleafs, as well as a number of other clubs like the Capitol Cutups, Capitol Swingers, and Promenaders both in Reno and Carson City. In 1960, my grandmother convinced my grandfather that it would be fun to learn how to square dance and at their first lesson he was immediately hooked and wanted to become a caller.

It is appropriate that Assemblywoman Titus mentioned the 150th anniversary of our state. My grandfather Tramble called at the centennial celebration in 1964, and they actually had a square dance in Carson City. My grandparents danced a square dance tip with Governor Frank Grant Sawyer and his wife. My parents met at a square dance, announced their engagement in a square dance, and there was a square dance at their wedding. I still have a picture of my grandparents calling square dances at my parents' wedding. Both of my grandfathers were in their powder blue tuxedos, which was what was worn in the 70s at a wedding.

When I was a child, I was involved in a couple of square dance clubs. I cannot remember a lot of the steps that you saw just now, but at one time I did know how to do it. It has been a good 20 years since I have danced the square dance, but it was a lot of fun when I did it as a child. Unfortunately, my grandfather Davis passed on a number of years back, but my grandfather Tramble is still with us. I told him about this legislation when the bill draft request was introduced around Christmas last year, and he was excited to hear about it. I would urge passage of this bill. It is a great activity and has meant a lot to my family over the years.

**Chairman Ellison:**

Are there any questions? [There were none.] If anyone else is in favor, please come forward.

**Linda Hartweg, Private Citizen, Fallon, Nevada:**

I took my first square dance lesson in the fall of 1986, and I have been hooked ever since. I stopped for a few years, and it was a rough few years. I could not wait to get back in to it. It is interesting that Mr. Davis mentioned square dancing in a wedding. My husband and I were married on October 11, 2012, in Virginia City at Mackay Mansion Museum and we square danced in the gazebo. We had people at our wedding who had never square danced before, and they flowed right into it. Having two left feet is an excuse that does not fly with any of us. We feel that if you can walk, you can square dance. It is not so much the footwork that is important, it is the turns and the arm work. It is a very healthy addiction. There are many health benefits as Assemblywoman Titus mentioned, and I sent in a list of those ([Exhibit D](#)) that I found on the Internet. It is extremely good for stress. You cannot leave from a dance in a bad mood. You might come to a dance in a bad mood, but you are not going to leave that way. It is something that is inexpensive compared to other activities today, as far as something families can do. We have had dancers younger than 12. It just depends on the maturity of the child. Children catch on so quickly. It is amazing and very fun to watch them get excited about it.

You can square dance across America and around the world; the calls are done in English. It is good for people who like to travel. If you are a square dancer and in the military and you are transferred to Japan, you can still square dance. We are probably going to briefly touch on everything that we feel is good about square dancing, but it is something that is very worthwhile and enjoyable. I have taken offense to the media calling this a frivolous bill. Maybe that is just coming from people who are ill-informed. There is so much to this. It is not as hokey and old-fashioned as it used to be. We have modern square dancing. The callers use modern songs, and it is great fun. I thank you for your time today, and I hope you will consider supporting this bill.

**Chairman Ellison:**

Are there any questions? [There were none.]

**Joye Angle-Kinkade, Board Member, Oasis Squares, Fallon, Nevada:**

I have been square dancing since I was 11 years old. I was able to join early in a group in Winnemucca where I grew up. I square danced for about 6 years and then I took a 25-year break because I could not find a club to get into. I recently got back into it in Fallon. My husband square dances with me. It is a wonderful activity for both of us to do together, and my 8-year-old son is learning how to square dance with us. It is a very wholesome family activity. It definitely puts smiles on faces all around. You cannot square dance or leave a square dance without a smile on your face; it is impossible. I appreciate you listening to our plea to pass this bill. I have enjoyed square dancing my entire life, and the years that I was not dancing, I missed it. It was like riding a bicycle; when you start dancing again after some time, you still know how to do it, like muscle memory. It is a lot of fun, and I wholeheartedly agree with everyone else who spoke this morning. Thank you for your consideration.

**Chairman Ellison:**

Are there any questions? [There were none.]

**Carol D. Wilson, Square Dance Caller and Instructor, Reno, Nevada:**

I have been dancing continually since 1998. I became a caller and instructor, and it is a lot of fun. I have a student right now who is 10 years old, and she is doing a fabulous job; she is so excited. We also have a dancer who is 94 years old, and she is right there helping me with my lessons. She dances with us two or three nights a week. I hope I am as good as she is when I am her age.

We are community-minded and hold a food drive every December. We contribute an average of roughly 400 pounds of food. For a small group, it is a lot. We thank you very much for listening to us and considering this bill.

**Chairman Ellison:**

Are there any questions? [There were none.]

**Linn Stoutenburg, Chairman, Silver State Square and Round Dance Festival, Sparks, Nevada:**

We had to wake up at 5 a.m. this morning to be here. Good Lord, what we do for square dancing is unbelievable sometimes. I started square dancing in 1955. I am a retired Marine. I joined the service in 1952 and was sent to Reno in 1955. Marlene, my wife, saw me and latched onto me, and we eloped to Virginia City in 1956. She has been with me ever since. Our first date was to a square dance. I asked her to go out on a date on a Saturday night, so I asked her what she normally did on a Saturday night and she said she square danced, so that is what I wanted to do. I had never heard of square dancing. We went to the dance, and I sat out the first square dance tip and then I got to thinking how was I ever going to hold her hand if I did not square dance. In those days, you did not have lessons, you were just pushed and shoved. That is when I started square dancing, and I have been doing it ever since.

I spent 28 years in the United States Marine Corps, and they moved us around, but we found every city and state that we went to had square dance clubs. To meet the people in these clubs or to meet any square dancers anywhere, they are beautiful people. They are honest, they smile, and they are just good people. I retired in Beaufort, South Carolina, came back to Reno, and got back into square dancing again. There are all sorts of clubs around here to join. About five years ago, they were looking for a vice chairman for the Silver State Square and Round Dance Festival and no one wanted to volunteer, but I raised my hand and the next year I became the chairman. This is my fourth year, and I believe it is going to be my last. We have a new vice chairman, and he and his wife will do an excellent job. If you feel it within your hearts to vote for this bill, all of us would be appreciative of it. Nevada needs to have a state dance, and it needs to be the square dance. Thank you for your time.

**Chairman Ellison:**

Are there any questions?

**Assemblywoman Spiegel:**

Your demonstration was great. When and where is the Silver State Square and Round Dance Festival?

**Linn Stoutenburg:**

It is held yearly at the Grand Sierra Resort. It is on Mother's Day weekend. This year it will be May 8, 9, and 10. The Trails End Dance is for everybody

who has traveled to this area, and that will be on May 7. We would love to see you all there if you have the time. Check in with Marlene, my wife, as she is the registration person for the festival, and I would be happy to escort you around.

**Chairman Ellison:**

Are there any questions?

**Assemblyman Munford:**

Is there any involvement with square dancing in the schools? If we approve this bill, maybe we can make some connection or awareness in the schools. The young people are the ones who are going to inherit this.

**Carol Wilson:**

We agree wholeheartedly. We do have some square dancing at the school in Winnemucca, and I believe the caller there is also teaching in Lovelock on occasion. I have taught at some of the academies. Unfortunately, some of the school districts do not have the funding or time. They have had to cut so many extracurricular activities. We do need to reach out to the young people. They learn so fast. They are wonderful. We have some young people and younger adults. Yes, we need to get it back into the schools.

**Assemblyman Munford:**

What about the physical education classes? Can they incorporate the square dance into those classes?

**Carol Wilson:**

I agree we probably need to investigate it again. They used to have a program every year, but I think with budget cuts things just went the way of all things.

**Chairman Ellison:**

Are there any questions? [There were none.]

**Joye Angle-Kinkade:**

This coming Friday our square dance club will be doing an exhibition for my son's elementary school, Lahontan Elementary School, in Fallon. His teacher mentioned that she would like to do a short section on square dancing, and my son notified her that my husband and I square dance. His teacher contacted our club and arranged an exhibition. I think it will raise some awareness, but like Ms. Wilson said, with budget cuts and the children only having physical education one week out of the month, it is hard to consistently teach the square dance. I think if we allowed a younger membership into our clubs, we could appeal to the younger children as well as families with younger children.

**Linn Stoutenburg:**

Each year the Silver State Square and Round Dance Festival has roughly 600 to 700 people who attend. This year early registration is showing a couple coming from Germany. Normally people only come from the northwestern states such as Colorado, Oregon, Montana, et cetera; this year we have six people coming from Connecticut. Not only do we get foreign people, but they come from across the country too.

**Linda Hartweg:**

The motto I like to leave people with is, if you dance in a square, you will make a circle of friends.

**Chairman Ellison:**

Does anyone else want to testify in favor of the bill?

**Marge Konieczny, President, Capitol Cutups, Carson City, Nevada:**

The Capitol Cutups are going to have their 46th anniversary. We have been in the area since 1969; we are a long-term group. Last year we danced at the Nevada State Fair, and we are going to dance again this year. We are out there trying to promote square dancing in Nevada.

**Chairman Ellison:**

Are there any questions? [There were none.]

**Larry Pizorno, Private Citizen, Reno, Nevada:**

I have been dancing since 1968. The American Heart Association reports that dancing is great for you. I am almost 77 years old, and I dance four nights a week. If you dance all night, you will burn 800 calories. I am a single man, and there are many single women at a dance, so I do not sit more than 10 or 20 seconds at a time. I am in perfect health. Every part of your body is working when you dance. I have to consume a great amount of food, but square dancing really keeps you in shape.

**Chairman Ellison:**

Are there any questions? [There were none.] Is anyone else in favor of this bill?

**Jim Falk, Secretary, Oasis Squares, Fallon, Nevada:**

I had some remarks prepared, but these fine people have covered them all. I just want to thank Assemblywoman Titus for presenting this bill and all of you for considering it.



**Chairman Ellison:**

Are there any questions? [There were none.] Is anyone in opposition? [There was no one.] Is anyone in Las Vegas wishing to speak?

**Linda Hartweg:**

I have been in touch with some of the people in Las Vegas, and they are all supportive of this bill. They were encouraging their members to send in letters. I believe someone was going to type up a letter and have his or her entire club sign it and send it in. Because of travel, no one was able to be here.

**Chairman Ellison:**

Is anyone neutral? Hearing no one, I will close the hearing on A.B. 123. I will open the hearing on Assembly Bill 104.

**Assembly Bill 104: Provides for the designation and operation of charter agencies. (BDR 18-762)**

**Assemblyman Stephen H. Silberkraus, Assembly District No. 29:**

I am here to present Assembly Bill 104. It sets the groundwork for charter agencies within the Executive Department of the State Government. This award-winning innovation in the way we operate government was pioneered in the state of Iowa by democratic Governor Tom Vilsack in 2003. Its mission is to encourage innovation and increase value to our citizens. Charter agencies will be given greater flexibility as an incentive to better deliver public services in a results-oriented way. In exchange for increased benefits of flexibility and authority, charter agencies will accept the charge to find better ways to meet citizen's needs, to be accountable for those results, and to reduce costs and generate more revenue.

In Iowa, they set a goal of \$15 million in annual savings through the use of this program. In years one and two of implementation, the savings were in excess of \$22 million and \$20 million respectively. As I mentioned, this plan for charter agencies has won multiple awards for excellence, including the Innovations in American Government Award from Harvard University along with the Innovation Award from the Council of State Governments. As you probably know, the western region of the Council is currently chaired by our own Senator Kelvin Atkinson.

There will be amendments to the bill: section 2, subsection 5, changing "shall" to "may;" section 2, subsection 6, paragraph (a), changing "50 percent" to "15 percent;" section 2, subsection 6, paragraph (b), changing "50 percent" to "15 percent;" section 3, subsection 1, changing "80 percent" to "95 percent;" and section 9 needs to be stricken altogether, as well as all the

other areas throughout the bill that reference it. Section 5, subsection 6, lines 43 through 45 needs to be changed to take out "June 30, 2021." Section 6, subsection 2, lines 16 through 23 will also be changed to remove "June 30, 2021." I believe that is all of the areas.

**Assemblyman Trowbridge:**

It would be easier if you could tell us the page and the line numbers.

**Assemblyman Carrillo:**

On page 5, line 23, are you taking the date off completely or just changing it?

**Assemblyman Silberkraus:**

We are removing it completely.

**Chairman Ellison:**

Assemblyman Trowbridge, do you have a question?

**Assemblyman Trowbridge:**

I am trying to mark the amendments. Please tell me the page number and line number.

**Assemblyman Silberkraus:**

Page 5, between lines 16 and 23. Page 4, lines 43 through 45.

**Assemblyman Trowbridge:**

Would you delete that entire section or just the date?

**Assemblyman Silberkraus:**

I believe just the date. We will have a hard copy later today.

**Assemblywoman Neal:**

Are we striking all of the dates?

**Assemblyman Silberkraus:**

We are striking anything that relates to section 9, the sunset provision.

**Assemblyman Trowbridge:**

This is not one of the amendments you are making, but on page 5, line 36, it says "all employees other than clerical." The "other than clerical" is key to me. We have people at a certain level who have no real policy impact, and to take them from the classified service and place them in the unclassified service where they would simply be removed is perhaps a little bit aggressive. If it works in the Office of the Attorney General, maybe there should be the same

exclusion for clerical level employees in any of the charter agencies. I would suggest that as a friendly amendment.

**Assemblyman Silberkraus:**

We will discuss that with you.

**Chairman Ellison:**

I was looking on the Nevada Electronic Legislative Information System (NELIS) and I cannot find the amendments.

**Assemblyman Silberkraus:**

They were just brought to my attention this morning, so we will have it to you by the end of today.

**Chairman Ellison:**

You need to get amendments in prior to the meetings. Please submit them to my Committee staff. We are getting lost on the dates and what should be deleted.

**Assemblyman Silberkraus:**

I apologize.

**Chairman Ellison:**

Are there any questions from the Committee?

**Assemblywoman Neal:**

I read the history; in 2003, Iowa brought this legislation forth and enacted it. It was in place for five years. An auditor did a 98-page review of the Charter Agency Initiative ([Exhibit E](#)) for the period July 1, 2003, through June 30, 2008, which showed that the process failed. Why would we adopt a failed policy from another state? I know a Democratic governor sponsored this legislation, but why would we take this on? I have portions of the report, which indicate that there were many measurable goals that they said they were going to meet that did not get met. They said they were going to have savings that they did not have. If you read the appendix of the review, it lays out all six of the agencies that were under the charter agency. They use those six agencies to go through the process of examining everything they said they were going to do each fiscal year.

**Jim Chrisinger, Private Citizen, Seattle, Washington:**

I was on Governor Tom Vilsack's staff in Iowa during the time of this legislation. I was with the Department of Management, which was the Office of Management and Budget function for the state of Iowa. There were

things that worked and there were things that did not work. Part of what we are about is trying to do what we can to provide more value with the resources we have. This is an experiment and not everything will work; that is the nature of an experiment. There were many things that did work. There was money saved and increased revenue. The review ([Exhibit E](#)) was released when I was no longer with the Department of Management. There was a partisan nature to the audit. The former governor of Iowa's chief of staff wrote a reply to the review that is on their website. The thing about the review that disturbed me the most was an attempt to directly identify particular things that agencies did with particular outcomes and savings. We never built it as something where you would see a direct one-to-one relationship between things. This was more of a holistic approach to provide agencies with more authority and autonomy to produce better results with savings and more entrepreneurial revenue.

**Assemblywoman Neal:**

I thought the partisanship issue would come up. I know that the governor was supposed to give a report, just like what is laid out in this bill, but what is interesting is the governor said that he did not even submit the report that was required by the statute, which is one of the things the auditor found. With the Department of Corrections (DOC), there was a savings, but they said that the statistics that came from DOC were inconsistent and that was a problem. I was awake at 2 a.m. and decided to be Nancy Drew, thinking I could obtain a new skill on how to read state legislative documentation from Iowa, but it was clear. They went through each piece and gave credit where it was due and they cited everything that was not completed. The key provisions of reporting are important. I am going to let you go ahead with your presentation because I think it is fair to the Committee that you lay out your complete argument and position so the freshmen can really understand where you are coming from before I ask any more questions.

**Assemblyman Silberkraus:**

I think many of the concerns will be addressed through the presentation.

**Chairman Ellison:**

I agree that we want to be fair, open-minded, and nonbiased until we hear the presentation and questions.

**Jim Chrisinger:**

I am here today as an individual based on my seven years of experience with the state of Iowa as team leader for accountability and results. I appreciate the opportunity to be able to share with you our experiences. We have a PowerPoint presentation ([Exhibit F](#)). The central challenge that prompted charter agencies was how to deliver more value to the people we serve with the

resources that are available. I think it is a primary challenge that government faces today.

What gets in the way of delivering more with what we have? I am a career public servant. I think most of us who have been in public service have found that bureaucracy and bureaucratic practices are two of the things that impede producing more value. Charter agencies were proposed as a way to push back against the bureaucratic paradigm. Through the last many decades, the traditional practice for agencies has been to obey all of the rules, to stay out of trouble, and to not make mistakes and if you did that, you got your funding through the appropriations process. As we have seen, particularly in recent years, funding is more and more of a challenge as budget gaps have developed, et cetera. The model for many agencies has not felt comfortable. With charter agencies we proposed a different kind of deal. If the agency agrees to be accountable for measurable results and contribute to the budget gap, then in return it will be given more authority and accountability to try to get bureaucracy out of the way.

We wanted to flip the emphasis on accountability. Under the old system, following the rules was the most important. Everyone wants to produce results and do good work, and it does not mean that results are not important, it is just that sometimes the rules become more important than the results. Whereas with charter agencies, the emphasis is flipped so that the results are the most important. We need rules and they are helpful to us in many ways, but the focus is on the results.

What results were our charter agencies trying to achieve? I am going to go through a series of pages on the PowerPoint ([Exhibit F](#)) that will show you which of the six agencies volunteered to be charter agencies and some of the results that they were trying to produce. You will see results that were important in the chartering process. The governor and the department director would negotiate what results were important, what improvements needed to be made, and what would be checked down the road. As you can see on the PowerPoint ([Exhibit F](#)), the agencies were: the Department of Human Services; the Department of Natural Resources, which worked on a lot of process improvement around permitting; the Iowa Veterans Home, which was a medical facility for veterans; the Department of Corrections; and the Department of Revenue. Iowa has a state wholesale monopoly on alcoholic beverages and their contribution was to raise more revenue, not necessarily sell more liquor, but do a more businesslike job of selling it.

One of the results we were looking for was help with the budget gap. Some agencies actually gave back part of their appropriation, others raised more

revenue. We did not want them to charge new fees or raise prices, so we asked them to do it in an entrepreneurial way. The target was \$15 million and the first year \$22 million was achieved and \$20 million in the second year.

If those were the results that charter agencies were asked to achieve, what did they get in return in terms of bureaucracy busting? One of the things was the authority to act as if they were the human services director, the general services director, or the information technology director. They had to follow the rules, but they did not necessarily have to go to the Department of Human Services or the Department of General Services for permission every time they wanted to do something. They were able to waive administrative rules, they had the authority to retain 50 percent of year-end funds, they were exempt from full-time-employee caps, they were exempt from across-the-board budget cuts, and a couple other things. The last one was an oddball thing that I hope you do not have. It is where the statewide elected sit as a council and approve every state employee's request for travel, professional membership, and several other things. So we are having charter agencies use the autonomy and authority.

The first example I am going to give deals with a car that was in a collision with a deer at twilight that belonged to the Department of Corrections (DOC). The Department of Corrections went to the Department of General Services, who handles the fleet, and DOC was told that they would be put in line for the next time vehicles were purchased, and it would be a 15-month wait. The Department of Corrections remembered that they were a charter agency and realized if the Department of General Services has the authority to buy a vehicle then so did they. They could stand in the shoes of authority. The Department of Corrections asked the Department of General Services how to get a vehicle. They did not want to pay more than they would have to, and then the Department of General Services realized they had a vehicle they could give them. It seemed silly, but one of the things about the bureaucratic paradigm is the central control agencies have been largely in the business of controlling things and getting the best price because that is what they do. They are not in the business of customer service. One of the things we saw with charter agencies was putting those people in the position of being more customer service-oriented and consultative as opposed to controlling.

Another example is the classification of Corrections Officer I, Corrections Officer II, and Corrections Officer III. Those positions only existed in DOC, so they had to do many routine personnel transactions. The way it used to be, they had to go through the Department of Human Services every time they wanted to do a personnel transaction. They decided if the Department of Human Services would train them to do the routine tasks, they would do them

on their own and if they ran into trouble, they would contact the Department of Human Services for help. The Department of Corrections was able to reduce the turnaround time from months to days.

The next PowerPoint slide (page 16, [Exhibit F](#)) shows examples of buying airline tickets with independent purchasing authority. The agencies could buy the airline tickets from Expedia if they wanted, and avoid the provision I talked about earlier about going through the executive council to get travel permission. This delayed the purchase of airline tickets by weeks at times, which also raised the prices, so they were able to save there too.

Finally, there were things that were corrected because of the authority. For example, there was a payroll glitch that did not get caught for several pay periods, and it turned out that the rules said you can only correct things back a certain number of pay periods, but with the charter agency, they were able to correct it and give someone extra money for going above and beyond. Those were the kinds of uses of charter agency authority that we expected.

There were also some things that happened that were not expected and not necessarily enabled by the charter agency authority. For example, DOC and the Department of Human Services were both charter agencies and were interacting more. They were in a more entrepreneurial spirit as they were doing their jobs. They both purchased many pharmaceuticals, and they realized that if they purchased them in bulk and shared them they could get a better price.

We ended up with inmates from a prison doing demolition work at the Iowa Veterans Home to create a new inpatient clinic. They did not need charter agency authority to do that, but both agencies said that they had not been thinking in those kinds of ways to get people out of their silos.

The Department of Natural Resources was not good at collecting on unpaid fines and other administrative fees because collections is not their core business, and the Department of Revenue, which was also a charter agency, offered to do the collections for them because that is what they do all the time and what they are good at.

The Department of Corrections, a local racetrack, and the animal rescue league got together and created a couple of thoroughbred retirement farms near the prisons, which was good for the thoroughbreds and also good therapeutic work for the inmates.

We learned many things. One thing was the importance of courageous leadership. When the governor of Iowa issued an invitation to be a

charter agency, these six agencies stepped forward. In every case, the senior staff at the agency said not to do it, but the directors wanted to try it, so they tried it over the objection. It was difficult because with the Department of Human Services, they gave up \$1 million and to many of the human services stakeholders, that was like taking food from the mouths of hungry children. It was not something you do. Eventually it worked out well for them, and they were pleased.

Another lesson learned was do not let perfect be the enemy of good. It will not always work perfectly; it is an experiment. In my current work, I am implementing lean manufacturing process improvement, and one of the precepts of lean manufacturing is to not be afraid to make mistakes. You cannot improve unless risks are being taken. The power of the bureaucratic paradigm is to not make any mistakes and to not incur any blame. That is why we have all of these rules. That is why it feels like a straightjacket.

As Theodore Roosevelt said, "The only person who never makes a mistake is the person who never does anything." We need to be willing to make mistakes, and leadership needs to have the backs of charter agencies. Governor Vilsack certainly had our backs because we took some heat during the charter agency experience, and he was totally there for all of us. On the front end, it is important to have buy-in: be transparent, share what you are going to do, learn along the way, use this as an opportunity to improve as you go, make things better, and communicate, communicate, communicate, and listen. Try to get at "what is in it for me" because this was threatening for many employees in a lot of ways, but it turns out that many of the bureaucratic ways we do things are not comfortable for employees either. It is not necessarily a happy thing for them. Providing them with more authority and more time spent on valuable activities was a good thing for them.

**Chairman Ellison:**

Are there any questions from the Committee?

**Assemblyman Trowbridge:**

I appreciate the opportunity to try something new. I constantly hear complaints from my constituents, and I read in the newspaper and all over the place about the bureaucracy having a stranglehold on delivering effective service. There are some things that the bureaucracy provides with a level of expertise to comply with many complex federal laws, which the provisions in this bill would not allow us to exempt. Sometimes people want to just hire someone or buy something quickly, and those are good intentions, but it does not eliminate the federal requirements from the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Fair Labor Standards Act,



et cetera, so some of the smaller agencies might lack that expertise. I would hope that there would be some methodology where access to an expert would be made available to the small agencies.

Some of our more entrenched bureaucrats are the department heads that you are asking to agree to get involved. Sometimes it takes a stronger push than what the word "agreement" implies.

**Jim Chrisinger:**

That is why we ask for volunteers. We did not want to force people to try this. There is risk involved, and it is hard work. I think doing it on a voluntary basis is a good idea. I do not know what Nevada's plans are, but I think that an experiment is likely to work better with people who want to make it work. Try it out and learn from it; decide what you want to keep and get rid of what did not work.

This is not about having no rules. It is about keeping the benefits from the rules without letting the stranglehold take over. One of the shifts that was interesting over time was the relationship between the central control agencies, human resources, budget, accounting, procurement, et cetera. They were all created about a century ago to deal with the ills of the spoils system for the nineteenth century, and the way they did that was to have very rigid rules. That was the way to make sure nothing went wrong. By and large the spoils system is gone, and that is a good thing. There are vestiges of it we can talk about, but it does not necessarily serve us in these times. We found that our charter agencies were not eager to go wild. People did not want to do things willy-nilly; they did not want to appear in the newspaper regardless of what they did. They did not want to find themselves afoul of federal regulations. We tried to shift the emphasis so that the central control agencies were consultative and less controlling. They were in the mode of helping others comply with the rules as opposed to having to review and approve every transaction. I am oversimplifying, but that is the idea. In larger agencies where they have more internal capacity, they might be able to take over more with spot checks by the central control agencies or consultations or some mechanism where people have a certain comfort level. I think there was an inclination by the smaller agencies to rely more on the central control agencies, but we still tried to get the central control agencies to be more customer-oriented, which was not always their instinct.

**Assemblyman Silberkraus:**

We have spoken to several agency directors, and they are eager to get on board with this.

**Assemblyman Trowbridge:**

Good.

**Assemblywoman Joiner:**

Having recently been a deputy director at one of our executive agencies in the state, I am always concerned about our employees. When I look at this bill, it looks like the proposal is that they would get about 80 percent of the General Fund from the previous year, and the heads of the agencies could provide bonuses to some of the people who do a good job, but my concern is people losing their jobs. How many people lost their jobs when you tried this in Iowa? Clearly, there is not enough money to keep everyone. It looks like classified employees would lose their status. I am concerned that employees who have been working towards their steps in the classified service and have a career invested in the classified service would automatically lose it.

**Jim Chrisinger:**

One of the amendments is to change the 80 percent to 95 percent.

**Assemblywoman Joiner:**

I saw that, but if you are providing bonuses, the money has to come from somewhere. Did people lose their jobs in Iowa?

**Jim Chrisinger:**

We did not do bonuses in Iowa. We had a way for people to be rewarded, but there was not much of that done. I do not know of any job losses in Iowa as a result of this and that certainly was not the intent. The agencies decided how they were going to handle the money that they turned back. In Iowa, we had a different mechanism, a target of \$15 million. We had six directors who stepped up. It was up to them to figure out how they were going to get the \$15 million. They negotiated among themselves for how they were going to meet that, and they did. I am not prepared to speak on the classified and unclassified question you have. I do not have personal experience with that.

**Assemblyman Flores:**

I think everyone here can appreciate outside-of-the-box thinking and trying to bring a new perspective, the intention is good. One of the things that concerns me is the theme of let us try it and see what happens. That is not tangible but the review ([Exhibit E](#)) is. We have it and we can look at it. It is explaining that things did not work in Iowa the way you expected them to. Now I feel like you are saying that we should try it and see how it goes. It concerns me a little bit. You mentioned that you spoke with some agencies already. How many have you reached out to, and how many of them think it is a good thing for Nevada? I think it is important for us to know.

**Geoffrey Lawrence, Private Citizen, Carson City, Nevada:**

I wanted to address a couple of these issues since I have been involved with this bill. We have discussed clarifying the classified versus unclassified provision and we discussed making it non-classified and delaying it for one year, so it would not take effect until the beginning of fiscal year 2017. This will give employees adequate notice and the ability to deal with the change. We certainly are not planning for, nor do we expect, a reduction in the workforce or personnel as a result of this bill.

There are two agencies that we have spoken to that have indicated some level of support. I am not going to name them unless they are here to testify; I prefer to leave it up to them. There is some support out there.

**Chairman Ellison:**

Are there any other questions from the Committee?

**Assemblywoman Neal:**

I want to speak to the bill and then I will get into the review ([Exhibit E](#)). Section 2 is about executive authority to designate any department as a charter agency. The first time I saw this, I was thinking why the legislature would give authority to the Executive Department to create regulations and rules when that is a key action that happens under the Legislature. Then I started asking myself if there was a separation of powers issue in the bill. I looked up a couple of Nevada Supreme Court cases and under Article 3, Section 1, Subsection 2, of the *Constitution of the State of Nevada* they talk about the three departments and the separation of powers. It states in part that the legislature authorizes the adoption of regulations by an executive agency, which binds persons outside of the agency, and the legislature may provide by law for the review of these regulations by a legislative agency and the suspension by a legislative agency happens under that authority. If all of these things are a part of the legislative authority under the separation of powers in the *Constitution of the State of Nevada*, why would we give that power to the Executive Department?

**Geoffrey Lawrence:**

If you will notice in section 5, subsection 2, of the bill the process is an agency that is designated as a charter agency would be required to apply for any waiver of an administrative rule to the Legislative Commission to get permission before any rule can be waived. It is my understanding that this is still subject to legislative review.

**Assemblywoman Neal:**

I want to go back to section 2, which says, "The Governor, by executive order, may designate any department established by law within the Executive Department of the State Government as a charter agency." This bill gives the Governor authority, through the Legislature, to shift and change agencies under statutory provisions. To me it begs the question, even though it says, "may," where is the authority? You are asking for a law to come from this body to give that authority to the Governor, correct?

**Geoffrey Lawrence:**

The authority granted in this bill allows the Governor to designate each agency, in consultation with the agency's director, as a charter agency, but it is still the responsibility of the charter agency to apply to the Legislature for any change in rules. The only change I see here is the designation, which is at the discretion of the Governor.

**Assemblywoman Neal:**

I want to finish this thought. I kept trying to figure out how Iowa was able to do this. I was looking at their distribution of powers under the *Constitution of the State of Iowa*. I wanted to know what were the differences between the *Constitution of the State of Nevada* and the *Constitution of the State of Iowa*. They did not have specific legislative indications or appendixes in their constitution stating what the Legislature can do or should do. That is why this did not come up in Iowa. They did not have a separation of powers that specifically gave the Legislature authority to do X, Y, and Z, but we do. To me, this does connect, because otherwise if the Governor could do it on his own, he would just do it.

**Geoffrey Lawrence:**

I think we need to create, in statute, a process for how a charter agency should run before the Governor goes and designates an agency. That would make it cleaner. I do not think that we are usurping legislative prerogative or power in any measure because as I mentioned, there is a legislative review process through the entire mechanism and the Legislature can always change or modify this legislation.

**Assemblywoman Spiegel:**

Listening to what Assemblywoman Neal is saying and looking at the bill, I think the challenge is with the word, "designate" itself. Perhaps we can change it to "recommend" or "request." I think that would be something that would be more appropriate to what you are saying the legislative intent is.

**Geoffrey Lawrence:**

I am not sure I completely understand what you are saying. Are you recommending that we change it with the idea that the Governor will recommend to the Legislature to designate a charter agency, and we would do that in a subsequent session?

**Assemblywoman Spiegel:**

Yes, that is correct.

**Geoffrey Lawrence:**

I am not sure if that was the intent with this bill. However, it is definitely something we can consider.

**Assemblywoman Spiegel:**

You just said that the intent is not to have the separation of powers issue and you went through and explained how the Legislature does still have oversight. If they do still have oversight, it should be explicitly stated and the word "designate" should not be the word that is used in statute. We should not have to wait for a future legislative session to be clarifying something that we know is problematic today.

**Geoffrey Lawrence:**

I am not sure that there is a separation of powers issue with the Legislature granting the Governor's Office discretion to classify their own agencies as they see fit, but we are happy to review the case law on the subject.

**Assemblyman Stewart:**

On the issue with the separation of powers, it seems like in my experience, from time to time we have given the Governor authority to do various things; for example, we gave the Governor the authority to appoint a Superintendent of Public Instruction. This is not unique.

**Chairman Ellison:**

Are there any more questions?

**Assemblywoman Neal:**

This is what I want to get to. In section 3, subsection 1, there is appropriations language, and you struck out 80 percent and changed it to 95 percent. Then in section 3, subsection 2, there is an obligation for expenditure on or before June 30 of that fiscal year. Paragraph (a) goes on to say that whatever these funds are must not revert to the State General Fund; and paragraph (b) "Must be retained by the charter agency and may be used for any purpose within the scope of the responsibilities of the charter agency." Mind you, the

scope and responsibilities of the charter agency have to come from you striking out *Nevada Revised Statutes* (NRS) Chapter 232, which is every agency except for what you excluded which is NRS Chapters 331, 333, 333A, 334, 336, and 338. Tell me about the purpose and the legality of this bill, and also the scope and responsibilities now being delegated and given through this bill to these charter agencies that you would like to give new authority to so as to make them do X, Y, and Z for efficiency. Please lay this out for me.

**Geoffrey Lawrence:**

As you will notice, that provision only applies to 50 percent of the funds remaining in the department's account at the end of the fiscal year; 50 percent is also subject to reversion. The purpose of that was to give the incentive to the agency itself to explore, innovate, and try new things as a way of coming up with better service delivery. The money was intended to be used for capital upgrades, whether it is in information technology infrastructure, et cetera, that would further enhance efficiency, or it could be used for financial incentives for employees' bonuses if they have done something extraordinary.

The purpose is not to grant broad discretion or authority for the use of the funds outside of those purposes. It is intended to be restricted to those purposes and if an amendment is required to clarify that, we can look at it.

**Assemblywoman Neal:**

Can you tell me where this bill explains the purposes? I am trying to get an idea of the scope of the responsibilities. You are getting ready to take over all of the activities of an agency through the charter agency. Is this the scope? I need clarification.

**Geoffrey Lawrence:**

The scope is restricted to the mission of the agency itself. If we are talking about the Department of Health and Human Services, it would not extend to what the Department of Taxation or the personnel department is doing. It would only be restricted to the central mission of the agency.

**Assemblywoman Neal:**

I figured you would present some efficiency studies. I started looking at a study done by Pennsylvania State University on the structure and efficiency of government, and one of the key things was about processes. In the review ([Exhibit E](#)), the main things that were reviewed were the processes and performance measures that were a part of the Pennsylvania State University study. You cited the Alcoholic Beverages Division as your performing agency. In the review ([Exhibit E](#)) on page 67, they said for fiscal year 2007, they could only locate a combined first and second quarter report, and then they were able

to later obtain a summarizing report of fiscal years 2004 through 2007. Mind you, the implementation of this entire program was five years, so that begs the question on processes and performance and you using that when a good portion of the report was not available to review.

You then cited the Health Division, and you used that as your claim for good performance or, I guess an experiment gone wrong, and that is on page 78 of the audit report ([Exhibit E](#)). They said that the results of the goal for fiscal years 2006 and 2007 were not even included in the charter agency reports, and you are saying that this is an experiment and Iowa just did not get it right. I know if you do not have the reports for the fiscal years and you are claiming that it was a potential experiment, how does this body assess whether or not it was real when the reports were not there? All I know is that I have a review ([Exhibit E](#)) of five years of Iowa saying that there are reports missing in what you have designated as the good performing agencies out of six, and these were the three you cited. You said there were three agencies that produced material and those three agencies had faults and they were very specific as to not having reported information very relevant to the fiscal year to show growth, performance, and efficiency. You are going to have to come one better on this for me.

I do not care what the rest of the Committee does but for me, I do not agree that this was partisanship and that somehow this auditor was a mystical Democrat under a governor who was a Democrat. He must have lost his election after this, because they repealed this revision so thoroughly that I cannot even find the original bill. The original bill is nowhere to be found in the legislative history in 2003, that is how amazing this legislation is.

**Jim Chrisinger:**

I would be happy to talk with you offline about some of what was going on at that time. What I presented today and what appears in the materials is the information and reporting that I gathered from the agencies at the time when I was there. I feel comfortable with it. I left the state of Iowa at the end of 2006, which was the end of Governor Vilsack's term. The new governor did not espouse charter agencies. My impression is that there was no more sponsorship of it after that time. There was a sunset provision in the Iowa bill of five years, which was 2008. There must have been a clear message from the governor's office because I talked to some of the charter agencies during the run-up to the summer of 2008, and they said they wanted to continue being a charter agency, but they did not have sponsorship.

I cannot speak to reporting that did not happen later, but the numbers and the data that I presented were the numbers and data that I got from the

charter agencies at the time. I am sure I can find a copy of the original bill and send it to you if you would like. It was Chapter 7J in the Iowa Code.

**Assemblywoman Neal:**

Trust me; I pulled it up, and the only thing that is there is the appropriation bill. I looked all over the place; I even looked in 2005 because I thought it might have been misplaced.

**Jim Chrisinger:**

I know I have Chapter 7J of the Iowa Code, which was the result of the Iowa Legislature.

**Chairman Ellison:**

If you have any other information please make sure you get it to Assemblywoman Neal.

**Assemblyman Trowbridge:**

Section 5, subsection 1, allows for waiver or suspension of any charter agency to provisions of any administrative rule. I would hope that would not allow for waiver or suspension of performance agreements.

**Geoffrey Lawrence:**

That is certainly not the intent. It is also not the intent to waive any federal requirements.

**Chairman Ellison:**

Are there any more questions from the Committee? [There were none.] Is there anyone in favor? [There was no one.] Is there anyone in Las Vegas? [There was no one.] Is anyone in opposition?

**Brian Reeder, representing the Nevada Chapter, Associated General Contractors of America, Inc.:**

The Associated General Contractors likes the idea of making government as efficient as possible; however, we have a couple of concerns in section 4 of this bill that we would like to discuss with the sponsor of the bill.

**Chairman Ellison:**

I know that Assemblywoman Neal has a lot of questions; can you include her in those discussions as well?

**Brian Reeder:**

I absolutely will.



**Chairman Ellison:**

Are there any questions from the Committee?

**Assemblyman Carrillo:**

What particular part of section 4 are you concerned with?

**Brian Reeder:**

We are specifically concerned with how it would affect NRS Chapters 333 and 338 that deal with public works law.

**Chairman Ellison:**

Is anyone neutral on the bill?

**Victor Joecks, representing Nevada Policy Research Institute:**

We see charter agency reform as a way not to make government bigger or smaller, but to make government more effective. Charter agency reform, as we have heard today, allows government employees to use their expertise and judgment to improve outcomes, and it provides them with a financial incentive for innovation that benefits their agencies and the state as a whole. I am glad there is going to be a thorough review of what happened in Iowa, and I believe that what Mr. Chrisinger and his team did there will show that there are many benefits to this reform.

**Chairman Ellison:**

Are there any questions? [There were none.] It is going to be interesting to see the results that come out of the findings. I am going to close the hearing on A.B. 104. Is there any public comment? I see none. We are adjourned [at 10:05 a.m.].

[([Exhibit G](#)), ([Exhibit H](#)), and ([Exhibit I](#)) were presented but not discussed and are included as exhibits for the meeting.]

RESPECTFULLY SUBMITTED:

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Jordan Neubauer  
Committee Secretary

APPROVED BY:

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Assemblyman John Ellison, Chairman

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** February 18, 2015

**Time of Meeting:** 8:32 a.m.

| Bill     | Exhibit | Witness / Agency                                       | Description                               |
|----------|---------|--|---|
|          | A       |  | Agenda                                    |
|          | B       |  | Attendance Roster                         |
| A.B. 123 | C       | Assemblywoman Robin L. Titus, Assembly District No. 38 | Prepared Text                             |
| A.B. 123 | D       | Linda Hartweg, Private Citizen, Fallon, Nevada         | List of Health Benefits of Square Dancing |
| A.B. 104 | E       | Jim Chrisinger, Private Citizen, Seattle, Washington   | A Review of the Charter Agency Initiative |
| A.B. 104 | F       | Jim Chrisinger, Private Citizen, Seattle, Washington   | PowerPoint                                |
| A.B. 104 | G       | Jim Chrisinger, Private Citizen, Seattle, Washington   | Civic Bulletin                            |
| A.B. 104 | H       | Jim Chrisinger, Private Citizen, Seattle, Washington   | Public Management Report                  |
| A.B. 104 | I       | April Tatro-Medlin, Private Citizen, Las Vegas, Nevada | Letter of Opposition                      |