

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

**Eighty-Second Session
February 8, 2023**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Daniele Monroe-Moreno at 8:02 a.m. on Wednesday, February 8, 2023, 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 at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Daniele Monroe-Moreno, Chair
Assemblywoman Shea Backus, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Sandra Jauregui
Assemblywoman Heidi Kasama
Assemblyman Cameron (C.H.) Miller
Assemblyman P.K. O'Neill
Assemblywoman Sarah Peters
Assemblyman Howard Watts
Assemblyman Steve Yeager



SENATE COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Pete Goicoechea
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle T. Nguyen
Senator Heidi Seevers Gansert
Senator Robin L. Titus

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Sarah Coffman, Assembly Fiscal Analyst
Wayne Thorley, Senate Fiscal Analyst
Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst
Cathy Crockett, Senate Chief Principal Deputy Fiscal Analyst
Daniel L. Crossman, Legislative Auditor
Shannon Riedel, Chief Deputy Legislative Auditor
Janice Wright, Committee Secretary
Janet Osalvo, Committee Assistant

OTHERS PRESENT:

Ben Kieckhefer, Chief of Staff, Office of the Governor
Amy Stephenson, Director, Office of Finance, Office of the Governor
Stavros Anthony, Lieutenant Governor
Rudy Pamintuan, Chief of Staff, Office of the Lieutenant Governor
Sarah Johnson, Director, Office of Small Business Advocacy, Office of the
Lieutenant Governor
Daniel Marlow, Administrator, Administrative Services Division, Department of
Administration

Chair Monroe-Moreno:

[Roll was called, and Committee protocols were explained.] We will go to the first item on today's agenda and that will be a review of the legislative audit summaries.

Daniel L. Crossman, Legislative Auditor:

We appreciate the opportunity to be here today. The Audit Division, Legislative Counsel Bureau (LCB), is composed of 32 professionals from diverse backgrounds who allow us to do the difficult and unique work that we do. I have with me today, Shannon Riedel, Chief Deputy Legislative Auditor, and Todd C. Peterson, Audit Supervisor, both of whom are the most senior members of the Audit Division team and have been with LCB for 23 years. I want to introduce them and express my appreciation to them for all the work they do in helping us do the work that we are asked to complete.

I would like to take the opportunity today to thank you for allowing us to be here to talk about our *Audit Report Summaries* document [[Exhibit C](#)]. The publication includes information on the audit reports that we have issued since January 2021 through the most recent Legislative Commission's Audit Subcommittee meeting, which we held in January. The report includes a table of contents so each audit that was released can be easily located as well as referenced to the applicable pages in The Executive Budget.

The purpose of presenting this document to you today is to make sure that you are aware that it is a resource for you to identify recent audits as well as our recommendations. I will not go into any specific detail on those audits but will give you an overview of our process and explain a bit about what we do. Also, I would like to mention that on our website all our audits are searchable, if you have a specific audit or an area of interest. The last 20 years of audits are all on our website.

As indicated on the bottom of the cover letter on the first page of the *Audit Report Summaries* publication, we identify significant monetary benefits through our audits including potential cost savings, revenue enhancements over the last two years, and the measurable financial benefits from recommendations in effect from prior audits and prior years. We estimate more than \$68 million has been realized during the last biennium because of our audit recommendations.

However, in addition to the financial aspect of our audits and more important than the financial aspect, many of our audits focus on program activities that can significantly impact the lives of Nevada citizens. Some of those examples include our recent Department of Corrections audit covering the use of force practices, and our Division of Child and Family Services, Department of Health and Human Services audit looking at assessments and the safety of child placements as well as our reviews of children's facilities.

This document also includes information regarding the implementation of audit recommendations. Our follow-up process for audits helps answer the question of how we know that the recommendations have been implemented. Our audit follow-up process was put into statute by this body in 1987, but I am sure many of you were not here at that time. That process has been recognized by the U.S. Government Accountability Office as a best practice in the country.

I would like to take a couple minutes today to describe that audit follow-up process because we often get questions about that. For each audit report in the publication, you will find an audit highlights page that summarizes the key findings from our report. Depending on the timing of that report, you may also find the six-month report in the publication as well as our report to the Legislative Commission's Audit Subcommittee on the status of the recommendations.

Let me talk briefly about the follow-up process. It begins with the requirement for agencies who have been audited to submit a plan of corrective action 60 working days after the audit is issued. That plan describes the steps that the agencies intend to take to correct any issues or problems based on the recommendations. We review that plan to ensure that the agency's proposed plan aligns with those recommendations. Next, the Division of Internal Audits, Office of Finance, Office of the Governor is required to submit a six-month report to our Division indicating the status of each recommendation. About five months after that six-month report comes out, the Division of Internal Audits will reach out to those agencies to begin a review process to determine the status of implementation. That may include various steps that they determine or deem appropriate for them to review and understand the status.

That report is then provided to our Division. After we receive that report, we review the status of those recommendations and work with agencies on any recommendations that are not fully implemented until the next meeting of the Legislative Commission's Audit Subcommittee. We submit a report to the Subcommittee indicating our assessment of the implementation status. At those meetings, agencies have an opportunity to answer questions about the status of recommendations. After we present this information to the Audit Subcommittee, we will continue to track and monitor the status of those recommendations that have not been fully implemented until they have been implemented to the satisfaction of the Audit Subcommittee as well as our Division.

Implementation of recommendations sometimes takes time and can be hindered by other factors that include agency vacancies, competing interests, and similar issues. However, we continue to monitor the status of recommendations until they are all implemented. In some cases, we request agencies continue to return to future Audit Subcommittee meetings until we are completely satisfied with the implementation.

In the publication today, we have included 15 reports. If you have any questions about any of those audits, we are happy to make a presentation to you to discuss an audit or to make a presentation to any of the committees during session as well. The full reports are available on our website. If you are interested in a full report or a published hard copy, I would be happy to provide that to you.

In closing, I would like to address the importance of the Senate Committee on Finance and Assembly Committee on Ways and Means in the audit process. If agencies are not cooperating in taking appropriate corrective actions, then we can let you know. We view this

Committee's budget authority as the teeth in the audit process, helping ensure that agencies respond to our recommendations. However, I would add that we do have a great working relationship with a vast majority of the agencies and have a high rate of completion on successful implementation of recommendations. We credit state agencies for taking our work seriously and putting forth efforts to make corrective actions. I would say in general, all agencies are interested in taking our recommendations seriously and improving their operations.

I will mention that it is possible we will be releasing some reports during session. The Audit Subcommittee's chair, Assemblywoman Jauregui, will be notified if there are any reports that are ready to be released. At her discretion, we will either hold a meeting of the Audit Subcommittee or we will release those reports. Then, if there is any interest to hear them in any committee, we would be happy to do so. That will conclude my presentation today, and I would be happy to answer any questions you might have.

Chair Monroe-Moreno:

There is a lot of work that has been done in this book [\[Exhibit C\]](#). How many people are in your Division who put all this together?

Daniel Crossman:

We have 32 full-time-equivalent (FTE) professionals on our staff and two support staff. Not all the positions are filled at the current moment, but we are looking for qualified people to fill those positions.

Senator Neal:

I have a question about the audit that you did on the Department of Corrections. It was in 2020, not 2021, about the medical copays. It also had information on the deductions that they were taking. What movement has the Department of Corrections done on the medical copay piece? It was cited in the audit that they were charging the medical copay to inmates who lacked the ability to pay it. These fees would follow them post release as a debt.

Daniel Crossman:

That audit was released by the Division of Internal Audits, Office of Finance, Office of the Governor. I would have to investigate that a bit more for you, but I am sure they could better speak to the specific implementation of that.

Senator Neal:

I did not know there was a difference. Do they interact with you at all, or do they do their own thing and then you find out about it?

Daniel Crossman:

Yes, we are separate entities. They do work at the direction of the Office of the Governor and the committee to which they report. Our work is done through a separate process. They assist us through the six-month process where they look at our recommendations and visit the agencies to ensure that those recommendations have been implemented.

Assemblywoman Jauregui:

I want to say thank you to Mr. Crossman and his team. I am chairing the Audit Subcommittee. The Audit Subcommittee has seen the amount of work that they do. Like Mr. Crossman said, they have been doing it with some vacancies. The number of hours that go into each audit and then the follow up making sure that the corrective action plans are being implemented is amazing. It is a model for the nation.

Assemblywoman Brown-May:

You have done an audit for the Rehabilitation Division, Department of Employment, Training and Rehabilitation shown in the presentation material. It notes that they need to spend an average of \$814,000 more per year. My question is relative to the timing of the budget. I have heard previously that there is a problem related to the timing of the federal grant match dollars, and we are required to spend those as part of the preemployment transition services. Does that create any difficulty within this budget, or did you identify that in the audit?

Shannon Riedel, Chief Deputy Legislative Auditor:

The Rehabilitation Division's Pre-Employment Transition Services (Pre-ETS) program has a spending requirement that coincides with the adult rehabilitation program. They are required to spend a certain amount on the Pre-ETS program to drive the spending for the adult program. As far as timing goes, I am unsure that there is a timing variable or component that comes into that. It is just a component of the federal dollars that they receive that needs to be spent on the Pre-ETS program. If they do not spend that, then they must reduce the amount that they can spend on the adult program.

Senator Titus:

It is a critical component of our state budget system to have agencies audited. How often do you cycle through the audit process for each agency? Do you get to them every four years? Is there a set pattern that you work through for every single department?

Daniel Crossman:

Our process of performing audits or selecting agencies to audit begins with a risk assessment. We will prepare a risk assessment every two years looking at all the agencies of the state as well as their divisions and significant programs. We will look at various factors including the last time they were audited, the amount of revenues, items of interest in the news, legislative interest, and things of that nature. We perform a risk assessment to identify which agencies we will include in our biennial audit plan, which we present to the Legislative Commission's Audit Subcommittee for approval. It really depends on the agency. With our

limited resources and the type of audits that we do, they do take a bit of time. We do not have the opportunity to audit every agency as frequently as we would like. But for a larger agency, it may be four years between audits. For a smaller agency, it could be much longer than that by the time we get in there again.

Senator Titus:

What would be the longest time between audits for some of these agencies?

Daniel Crossman:

For some small divisions, it could be 15 years between audits because we do not see as high of a risk in those programs. Could we do work in those agencies? Sure. Are there things that we could look at from a performance audit perspective? Sure, but at times it may be a number of years between audits.

Senator Titus:

Your process is really one based on risk, not based on when the last audit was done, and some outliers could be 15 years or so.

Daniel Crossman:

Yes, that is correct. Now, 15 years is a long time and is a worst-case scenario. But in general, I would say an average is six to seven years between audits.

Assemblywoman Dickman:

That last exchange answered one of my questions. I wanted to say what a privilege it has been to serve on the Audit Subcommittee. It has been very eye-opening, and I appreciate the work you do and the things you find. It is incredible.

Chair Monroe-Moreno:

Hearing no other questions, I thank you for joining us this morning and for the work that you are doing. You are going to get a few more audit assignments coming out of this session. With that, we will move to the next item on our agenda, which will be the Governor's Office.

ELECTED OFFICIALS
OFFICE OF THE GOVERNOR (101-1000)
BUDGET PAGE ELECTED-9

Ben Kieckhefer, Chief of Staff, Office of the Governor:

It is an honor to be here to present the Office of the Governor budget account 101-1000. I know that you have spent the past couple of weeks looking at many PowerPoint presentations. I decided that you did not need that for the five decision units within our single budget account. I am happy to talk about what is in the Governor's recommended budget for his Office for the next two fiscal years. I want to start by talking about a couple of items that are not specifically in the budget, but that will be coming in future policy bills or budget implementation bills, depending on how they get presented.

My experience in the Governor's Office started back in 2008 when I was serving in the Gibbons administration. There was a big wildfire at Lake Tahoe, and we had a joint signing of a document between Governor Gibbons and Governor Schwarzenegger. That highlighted for me just how different two states were because it was me and the Governor and the Chief of Staff and one security detail riding in one car to the document signing ceremony. Governor Schwarzenegger rolled in with what must have been 12 SUVs full of people. I knew I never wanted to be quite like that. I also knew that the Governor's Office at that point was understaffed and underfunded. Starting in my first legislative session in 2011, I said that on the record during this budget hearing when Senator Seevers Gansert was Chief of Staff to Governor Sandoval.

This Office has historically been under resourced. The individuals in the Governor's Office spend most of their time working directly with department heads putting out fires and trying to manage state departments rather than leading strategic initiatives for the state and trying to advance the Governor's agenda. I tried to say that in every budget hearing, regardless of who was Governor. You would have to go back to the minutes and find out if I am fully accurate in that.

But I am in the unique position now to try to move that forward and create a structure that I think will serve the state better from a strategic planning standpoint, from a management standpoint, and from one that will put not only the Governor I serve, but all future Governors in a better position to implement an agenda that they set forward for the state.

There are a couple of key items that will be coming forward in future bills. The first would be to amend *Nevada Revised Statutes* (NRS) 281.123, which would eliminate the 95 percent salary cap on state employees. Employees are limited to 95 percent of the Governor's salary, except for physicians, dentists, and anyone who works for the Nevada System of Higher Education (NSHE). We would propose eliminating that provision as a component of addressing the state's ability to attract and retain positions in high demand and high-need areas.

The second piece of legislation that will come forward is the creation of what we envision as cabinet secretary positions within the Governor's Office. These positions will serve as sort of an intermediary layer between staff within the Governor's Office and management of the executive functions of the state. We have included decision unit enhancement (E) 225 to fund five cabinet secretary positions for the next two years that will be charged with the transition into this new structure of Executive Branch management. Decision unit E-225 captures the salary as well as all the ancillary costs of those five cabinet secretary positions. There is no administrative support in the recommendation. We believe that we should be able to use administrative support within the existing Governor's Office functions for the next two years as we make this transition. We would then propose building out those offices in the subsequent biennium. That is the major decision unit within this budget.

Decision unit E-226 is a work in progress. It contains salary adjustments for the Governor's Office, but there are some issues about how that number is calculated. Ms. Stephenson is going to be working with the Legislative Counsel Bureau fiscal staff to refine that because the number is elevated. The other enhancement decision unit, E-710, is standard equipment replacement for the Governor's Office pursuant to the Division of Enterprise Information Technology Services, Department of Administration replacement schedule. That is the Governor's Office budget briefly. The five position increases are related specifically to the cabinet secretary positions. Other than that, the budget remains flat and rolls up. With that, I would be happy to answer any questions, and it is a pleasure to be here.

Chair Monroe-Moreno:

We do have a few questions for you.

Senator Dondero Loop:

Can you discuss these proposed positions and what they are going to entail? I am not sure I am clear on what each one of those five positions will do.

Ben Kieckhefer:

They would have similar responsibilities for the management of a programmatic area of state government. Think of it more traditionally like the Secretary of Education and the Secretary of Commerce and Labor. Different departments of state government will be organized under those cabinet secretary positions to help address those departments' needs on a day-to-day basis and interface with them on behalf of the Governor.

Right now, the Governor's Office is organized the way you have seen from the matrices from previous administrations. Every mid- to senior-staff position within the Governor's Office is assigned a liaison contact within a different branch of state government. For example, NSHE, Jhone Ebert, Superintendent of Public Instruction, Department of Education, and Rebecca Feiden [Director, Nevada Achievement School District] are all reporting directly to me as the Chief of Staff. A whole suite of departments reports to our general counsel. When they have issues, or questions, or things come up, they come directly to senior staff within the Governor's Office to get those issues addressed. That moves us out of any strategic effort on behalf of the Governor's agenda. It moves us out of the big policy initiatives that we are trying to implement, and we do a lot of firefighting.

The idea is to have these cabinet secretary positions be gubernatorial appointees who interface directly on behalf of the Governor with these programmatic areas, take that responsibility off senior staff of the Governor's Office, and put it into these new offices that will help coordinate the work. My calendar starts full every day, and I am spending about 60 percent of my time on matters that are not on my calendar. It is the nature of the job. But I think that if we can shift some of those types of issues to these new positions, it will give the Governor's Office more time to govern.

Senator Dondero Loop:

I appreciate what you are saying. This legislative world is the same. We start the day, and our calendar is full. I am not for or against this recommendation, but I am trying to understand it. I am a bit confused because if I am Superintendent Ebert, or public safety, or whatever director, I feel like we are adding another layer because at some point that person must go to you or Ms. Stephenson or a senior-level person. Am I correct or am I hearing that wrong?

Ben Kieckhefer:

No, it creates an intermediary layer. Absolutely. It is designed to. A lot of the questions that cabinet officials often receive are not things that need to be elevated to us, whether it is a question about an amendment on a piece of legislation, a budgetary question, a press release, or getting a quote from the Governor. Things like that do not necessarily need to be elevated to the Chief of Staff. Those matters could be managed more efficiently by an intermediary who is authorized and empowered by the Governor to act on his behalf. The person is still responsible to the Chief of Staff, but this creates a buffer that frees the Governor's Office staff to implement their jobs more efficiently.

Assemblywoman Jauregui:

I have a question about decision unit E-225. I would like more information as to why we are eliminating and repealing NRS 281.123. Why is a \$200,000 salary good, but a \$161,000 salary is not good enough? Why is 95 percent of the Governor's salary not good enough?

Ben Kieckhefer:

The issue of the 95 percent salary cap is one that can be addressed regardless of these positions specifically. There are problems that the salary cap creates outside of these cabinet-level secretary positions. The compression is one of the first problems that we are trying to address and elevate the salaries of state employees. The downward pressure from the 95 percent salary cap is compressing our salary structure significantly within the state.

There are a lot of departments where people make more than the people who supervise them. The Department of Corrections being a case in point. People refuse to be promoted because they make less money. That structure needs to be addressed. All the dynamics of creating an efficient salary structure for state government functions are being burdened by the 95 percent salary cap. Frankly, if the Governor has such thin skin that he cannot deal with some of his employees making more than him, he should find another job.

The issue is the cap was created for this power structure so that the Governor remains at the top. But the Governor is on top by law. The Governor is on top by his election. I do not think he needs his salary to be the highest in the state to prove it to everybody. I think this would allow us to manage salary issues more efficiently within state government and to attract and retain people in information technology, certified public accountants, attorneys, or other individuals throughout state government, outside of these five positions, that we have a

difficult time recruiting because they can make double that salary in the private sector. I do not think we should ever pin ourselves to say we are going to pay people as much as they are able to make in the private sector. But we should not be making it so difficult that no one would want to accept state jobs. We need to be honest about that. The 95 percent issue is outside of these five positions.

The \$200,000 salary that I pinned these at is because they are at the highest level of government as they are envisioned within this structure, outside of the Chief of Staff and the Governor. They will be making more than I make, but I am okay with that too. It is a number that I picked. It is not necessarily based on science. But I thought it was a number that would be a sign that we are taking them seriously and empowering them to do the jobs that we are asking them to do.

Senator Seevers Gansert:

Since I have been in your position before, I was just trying to count. You have almost 20 agencies that you oversee at the Governor's Office level. I know we had two or three people to divide that responsibility amongst. How many people right now are you assigning to the management of different agencies? We ended up having to use legal counsel to oversee some and the Chief of Staff and Deputy Chief of Staff oversaw some others. I would like an idea of how many people must oversee all of this.

Ben Kieckhefer:

We have diffused it consistent with the prior administration, and I think we have diffused it widely. It is not just our six senior staff, but we have five additional people who are helping or who are serving as the liaison contacts for different offices. It is not the sort of traditional departments as created in statute, but we need people who can answer for the Nevada Gaming Control Board, for the Patient Protection Commission, and for all these different functions of government that need a point of contact in the Governor's Office. We have the work spread out broadly within the Governor's Office.

Senator Seevers Gansert:

Do most of those people have other duties? Everybody has another duty and other responsibility, and then they must oversee whatever else that you need. I know during the Sandoval administration, we had some research individuals in house, but we could only pay them \$50,000 a year. We were trying to get highly qualified people, and the only reason they would come in was they liked the Governor and they wanted to help. But it was difficult, and I know you have had challenges when you hire your cabinet-level positions.

Ben Kieckhefer:

Everyone is proud to serve in Governor Lombardo's administration. We are all here because we believe in the agenda, and we believe in the Governor. We believe in service to the state. I think many individuals took pay cuts to take these jobs, and that is okay. That is part of the

deal. Everybody understands that. The same is true when trying to recruit people into department director jobs. These cabinet secretary positions are designed to be elevated up to that next level.

When you talk about the salary cap, it will provide this body more flexibility to think about what you put into the Pay Bill. All of these are salaries that are fixed based on the Pay Bill that comes out every two years. I think it will give us all more flexibility for what we envision for these positions. Our cabinet members and our department directors make approximately \$140,000 a year. You are asking them to manage multibillion dollar budgets with thousands of people in them. That is a tall ask, and it is sometimes hard to find people who you would want to appoint who are able to do it for that dollar figure.

Senator Seevers Gansert:

I know that this administration has a goal of being open for business, being open and responsive. Do you think that having these extra positions will help you be more responsible? Will the administration be more responsible, and will the agencies be allowed to be more responsive to an individual or a business? Being open for business, being open and responsive is important. Do you think these people are going to help you be able to quicken the pace of government to better serve the people?

Ben Kieckhefer:

Absolutely. That is part of the mission to make government more effective in what we are designed to do. Governor Lombardo has told me state government is a service organization, and we need to think about it like that. What we need to be focused on is service to the people. Everything that we do should be focused on that mission. The ability for department directors to get more or a quicker turnaround on responses because they have someone more dedicated to that will aid in that mission. It will also free up the Governor's Office to focus on how we can strategically effectuate that mission over the long term.

Chair Monroe-Moreno:

You just said that these are fixed salaries in the Pay Bill, but these positions are presented to us as nonclassified, correct?

Ben Kieckhefer:

The cabinet secretary positions that are proposed in our budget are nonclassified members of the Governor's Office. I was speaking specifically to the department director positions that are in the Pay Bill.

Chair Monroe-Moreno:

There will be five new positions now. Looking towards the future with the workload that these five people may have, what other staff are they going to need? How is that also going to impact the budget moving forward?

Ben Kieckhefer:

It is an important question. I have thought about it from a number of different avenues, and this is step one. This is a proposal to start with five individuals who can help. Then we will create the structure that they are going to need or that they see long term to build out the infrastructure that they need. I would rely on them to come back with a proposal that we would offer to the Legislature in 2025.

I could see as many as seven total cabinet secretary positions to align with programmatic areas of state government. We are proposing five now to launch the process and try to create a structure that is going to work. Then I would expect that they are going to need additional support, not just administrative, but budgetary as well working with the Governor's Finance Office. Our vision is to make these functional offices that can effectively manage their areas of interest. I am not able to tell you what that is going to look like two years down the road, because I am going to be relying on some of these individuals to help build that. But this is a start, it is not the end point.

Chair Monroe-Moreno:

When these individuals, if approved, come on board, they will be working by themselves with the directors of the departments that are assigned to them. They are going to be the cabinet secretary over the agencies and not have an administrative staff for support.

Ben Kieckhefer:

The new positions would be incorporated into the Governor's Office, and they would have the administrative support of the Governor's Office as they function for the next two years.

Assemblywoman Brown-May:

In my private life, I had the opportunity to oversee a human resources department. I want to go back to one of your comments about how you picked the \$200,000 salary. Is there scientific data, or is there a wage band or rates analysis? When we determine the rates we pay for services, we often do rate studies in many divisions. Then we identify wage bands or rate bands where we offer rates at the 50th percentile or 75th percentile. I am curious to know what scientific research you have. Is there a wage band, data analysis, or a comparison to other states that potentially supports this proposal?

Ben Kieckhefer:

I thought it might be dangerous to do an evaluation of chief executive officer salaries as an idea of what this might cost. I figured I might have a hard time getting that average through this body. It is feasible to do some comparative analysis for what exists in other states. In terms of comparison to the private sector, I see these as corporate chief executive officer type positions with subject matter expertise. It would be dangerous to compare against chief executive officer salaries. We had to put a number in the budget recommendation. It was an

elevated number that exceeded the 95 percent that I thought was certainly justifiable. It is less than what a lot of people would be making in the private sector if they were doing this job there. But we can do an analysis of what exists in other states. I think that would be a better analysis than what is happening in the private sector.

Senator Harris:

My question is related to creating new positions as opposed to paying some of our current heads of agencies a bit more. If you look at the federal government, the cabinet is made up of existing heads of agencies. You do not have an intermediate level. We already have a head of the Department of Health and Human Services (DHHS). We already have a Secretary of the Treasury, who would be our Treasurer. Some of these positions are already in existence. Did you consider paying those individuals a bit more, and expanding their portfolios where it might not exist? Could the head of DHHS now become the Secretary of Health and pick up responsibility for the Patient Protection Commission where they do not normally have jurisdiction? Why not use our existing directors, pay them a little bit more, elevate them to the cabinet positions, and bring them into the Governor's Office a bit more, as opposed to adding a layer of five new individuals.

Ben Kieckhefer:

I do not think your question is misaligned with what we are trying to do. I am sure that Treasurer Conine would be happy to get a pay bump and give him more responsibility. But I would argue right now that some of our directors are already overstretched in some of their responsibilities and adding to that might be difficult in some departments, though others could absorb more. Some positions need to be diffused a bit. It is not a small number of a board here and a board there that are outside of the general purview. There are a lot of services that overlap between DHHS and the Department of Employment, Training and Rehabilitation (DETR). There are overlaps between some issues in DETR and some issues in the Department of Education. You see it in this body. Your Human Services Subcommittee oversees and reviews the budgets of DETR and DHHS because they are programmatically similar.

I think some of the same thought process is going into what we are trying to create. In some of the reviews that we are looking at, there is a list of 12, 13, or 14 statutorily created entities that circle up underneath these cabinet secretary positions. It is not just a couple little ones here and there. I think your statement about the idea of elevating some of our department directors is also warranted. If there are ways to give them more responsibility, more pay, and extend their skill set, I support that. I always want to put people to their highest and best use.

Senator Harris:

I encourage you to look at other ways to shift the \$200,000 per person and increase a department or give people the staffing they need considering they are currently understaffed in some support positions. A lot of our agency heads could potentially act as

cabinet secretaries in the same sense that our federal government does. But those staffing problems are existent whether we add this new layer or not. Those issues will have to be addressed regardless.

Ben Kieckhefer:

The vacancies and fully staffing a department with the authorized positions that this body creates for them are also top priorities. If we can fully staff our existing positions, that would take us in a significant step in the right direction. We are working diligently to do that. Our Director of the Department of Administration has had workshops with all department heads to talk about giving them more authority over their hiring process to really allow them to manage their departments. I think a lot of what you are talking about is on point. The Governor believes in delegation and accountability. This administration is going to try to give department directors the power and trust to manage their departments more effectively, which will streamline hiring and allow us to fill positions more quickly. We are moving in the exact direction you are suggesting.

Assemblywoman Anderson:

My question is similar to the Senator's questions. Over the last week and a half or two weeks, we have heard the incredibly depressing news from every single department that has come in saying it has 30 percent to 40 percent vacancies. For the Governor's Office, what are the current challenges with the existing staffing levels? What is the percentage of vacancies that you have, realizing you are still in the transitional timeframe. What would be the expected benefits if these positions are added?

Ben Kieckhefer:

I have effectively filled my staff. We have filled our positions. The Governor's Office is an amazing place to work. It is unique. The Governor himself is a great leader who is inspiring, fun, friendly, jovial, and he is good to be around. He is leading a good ship. It is a great place to work, and people are excited to be there. Filling the Governor's staff has not historically been a challenge. People are willing to make the sacrifice to be here. The positions that are authorized within our Office are filled.

Vacant positions that are dispersed throughout state government are an acute problem. We heard that as we made this transition and started having meetings with all the department heads to talk about issues that they are facing. It was a unanimous chorus from every department that filling vacancies was too difficult, too time consuming, and the process was slow. These are problems that we can fix at the executive level. We are fixing them at the executive level and part of that is going to be empowering departments to do more hiring themselves and make decisions on their own rather than having to filter through multiple levels of bureaucracy to do it. Help is on the way for our department heads, and they seem happy about some of the changes that are being made from the feedback I have received. Changes should allow them to address some of their vacancies and get them the support that they need and deserve and are authorized to have by this body.

Hopefully that process is going to move forward. We are going to be seeing proposals for salary increases that should address some of the issues as well. I look forward to those discussions. But these five cabinet secretary positions are designed to address some of those higher-level needs rather than day-to-day hiring within a department. The problem is issues that the departments feel they need to get the Governor's Office attention about, and these cabinet secretary positions will be the place they go for that, rather than directly to the Chief of Staff, Deputy Chief of Staff, or general counsel who may be dealing with the Office of the Attorney General on litigation or implementing an entirely new human resources system or whatever the issue may be. It is more timely and efficient responsiveness from the Governor's Office to departments that allows them to solve problems more quickly.

Assemblywoman Anderson:

If I am understanding correctly, the benefits would be timeliness and getting things done quicker. What I am understanding you are saying is timeliness is the main reason we need these positions.

Ben Kieckhefer:

Certainly, timeliness is one component of it. Ensuring that the Governor's agenda is being implemented and clearly articulated on issues that may arise during any business day is important. Our goal is aligning areas within government that should naturally be aligned and may not be right now. We want to create an organizational structure that allows a person to be in charge, who may have different offices that are related but may not necessarily talk to each other daily, because government is inherently siloed right now. We can look for ways to create more efficiencies to streamline processes to make government more responsive to people. That is the goal.

Assemblyman Watts:

I would like to share two thoughts that I am particularly interested in on this matter. As we review additional budgets, I want to see the proposals related to the issues with the salary cap and attracting and retaining talent in certain agencies or certain positions. I look forward to seeing where increases are proposed to help us meet some of those critical needs across other proposals.

As we talk about issues with the ceiling, the other thing that is important to note is to be aware of issues with the floor as well. This was brought up by one of my colleagues. I am interested to see how we get the state off the top list of employers whose employees are using Medicaid and other state services. I want to bring attention to that area of concern.

One of the things that you brought up was that these positions are proposed to make more than some of the senior positions even though they are going to be junior, and they are taking some responsibilities off senior staff in the Governor's Office. That helps transition to

decision unit E-226, which is the salary increases. Could you discuss how the \$315,000 per year would be distributed? How would this increase the salaries of existing staff? Going back to a similar theme, how was that arrived at as an appropriate amount?

Ben Kieckhefer:

Yes, I am going to defer to Ms. Stephenson on some of these questions because there are numerous moving pieces, including some calculations of employer pay versus employee/employer pay and how that was translated. Some of it is the absorption of some salary savings from the previous administration. Some of it relates to the fact that the Governor's Office has been hiring department staff into the Governor's Office to serve them. Part of this effort is to true-up and be more transparent about how much it is costing to run the Governor's Office, instead of bringing in someone from a department effectively to be a Governor's Office employee. We are trying to put them at a commensurate salary in the Governor's Office. There are a lot of different moving pieces on this one, and Ms. Stephenson did the calculation, so I am going to ask her to respond.

Amy Stephenson, Director, Office of Finance, Office of the Governor:

Decision unit E-226 does not include an increase for the current Governor's staff over what the cabinet secretaries are proposed to make. It will be commensurate, because I do not believe that we discussed the cabinet position salaries. The cabinet secretaries were proposed at a \$200,000 salary. What we proposed in decision unit E-226 was the Governor's salary as it stands right now.

Assemblyman Watts:

I want some additional detail on what that looks like. That was a question I had. I am not 100 percent sure that it makes sense, but it does provide some clarification.

Assemblywoman Peters:

I am thinking about these new secretary positions and love the idea of more consistency, more coordination, better constituent services, and quicker processing in government. I think you have touched on a couple of things related to whether we can fill all the vacant positions, and could we get there. If we could keep people in state service for 10 years, that would be great, because then we would have consistency with people who have built processes that work. What I am not connecting here is what is the authority and role of the secretaries in the Governor's Office? You said bits and pieces of management, coordination, efficiencies, and making sure that the Governor's agenda is being followed. But what does that translate to in authority for those offices? What would they be doing that cannot be done now with the people in place, or is work overloaded on other people? What are those pieces that are being pulled out?

Ben Kieckhefer:

Under the statutory construction of the Governor's Office now, the Governor has the authority to empower his employees in whatever way he wants. The statute is broad in delegating authority to the Governor to provide authority for whatever functions he chooses.

It will be at the discretion of the Governor to decide the level of authority that any individual cabinet secretary would have. I think in these first two years, our Office will be in a transition period, and we will have to figure that out in some ways.

But the vision and mission are to provide broad authority to these cabinet secretary positions to work directly with department heads and agency heads, to have decision-making authority over a wide variety of issues that they may have, whether they have questions about hiring an individual, questions about budgetary issues, or questions about other matters. Our vision is to give broad authority to these individuals to make decisions on behalf of the Governor's Office. They would be part of the Governor's Office staff and part of the Governor's Office structure. They would carry that authority.

Assemblywoman Peters:

I want to make a comment about some of the trends that I see in government. I work with the Executive Branch in my day job. I think that what you are getting at is that we do not have the higher-end resources and the higher-end trust in our agencies to get the work done that needs to get done. To me, that is a cultural issue. We have perpetuated a culture of distrust of our agency heads in the state. I do not know whether that is a result of not being able to recruit the people who need to be in those positions, or it is a result of not addressing fundamental and foundational cultural problems within those agencies. This is something I have talked about for the last two sessions. We must start treating the professionals of the State of Nevada as the professionals that they are and with the respect and deference that they deserve in those positions. I do not know if I see this as adding an additional layer. I hope that, in addition to these recommendations, the Governor's Office looks at strategically building that relationship with the existing offices. How can we ensure that the culture is retained beyond the Governor's tenure and make sure that the state is a place where employees want to be, and we are able to recruit and retain the ones who help us move our state forward.

Ben Kieckhefer:

That is the exact vision that Governor Lombardo has. He is proud of his cabinet. We do have professionals in place in the positions at the Executive Branch in the state departments. He believes in delegating and holding people accountable. If people are empowered to run a department, they should be able to run that department, and they should not have to ask for permission every time they want to hire somebody, or move a little money around, or do whatever it might be to effectively run their department and serve the people of this state. We have created structures that are barriers to effective management, and we are trying to address some of them immediately through the *Nevada Administrative Code* and the *State Administrative Manual*. Our Director of the Department of Administration is currently working through that process. We want to empower our departments to be run by the people we trust to run them. Our vision is that we are here to support them in doing that.

Assemblywoman Peters:

I look forward to the Department of Administration's report.

Chair Monroe-Moreno:

We will have our last question on budget account 101-1000 from Senator Neal.

Senator Neal:

The question that I have is about *Nevada Revised Statutes* 281.123. What did you research about the actual legislative intent on why that statute was brought into place? That is what is not in the record and reflects the public policy purpose behind it. What is the intent of why it was created saying that other persons cannot earn more than the Governor? Inherently, you read the language, which means that there is an internal check that was anticipated to remain from 1975 forward. Could you put that on the record?

Ben Kieckhefer:

Our intent is the practical implementation. If it comes to the intent of when the statute was created, I do not know the answer to that. What I can say is that the practical effect means that it is difficult to hire engineers for the Division of Water Resources, State Department of Conservation and Natural Resources. It is difficult to hire information technology professionals. It puts downward compression on salaries of other employees in the state because we cannot give them raises that are large enough to not exceed the salaries of the people who are supervising them. The practical effect of that statute, regardless of its original intent, is having a negative impact on our ability to manage state government.

Senator Neal:

I have listened to the arguments, but we are not talking about regular employees. We are talking about employees within the Executive Branch, and we are talking about individuals who are going to do additional work. I think the original intent does matter because for me, it falls along whether constitutionally we are operating within our separations of powers. The Legislature is being asked to repeal a statute that then allows a cap to be removed. The history behind that is important to determine the public policy need, purpose, and intent. We can operate on the pragmatists' belief, but it is also important to understand why exactly it was in place in the first place. If the Legislature says we will, within our authority, repeal the statute to allow employees to make \$200,000, then they can continue to make more money. After that, there is a discussion about whether the basis of that salary fits the public policy purpose of the original historical intent. The Legislature clearly has the power to say no. That is the check. I want to understand the historical intent about why it was put in place in the first place, because that helps to guard whether we are doing appropriate business when we think about the function of government in totality and what it is supposed to do within the three branches of government.

Ben Kieckhefer:

When you said regular employees, most state employees are Executive Branch employees. They are the standard for state employment. The Legislature sets the budgets on that, as you referenced. The idea that it would somehow result in runaway salaries for certain people pertains only to the constitutional offices because those are the only positions that could be affected, and you get to revisit it every two years. You still appropriate a set amount of

funding that can be used for those purposes. The Legislature continues to retain its authority. I am not asking you to give it up. If you want to block grant money to the Executive Branch, I would be happy to allocate it as I choose, but I do not think that is the purpose of this mission. In the Pay Bill, you control the salaries of every unclassified employee. You are speaking specifically to those to whom you would choose to award a salary that is higher than 95 percent of the Governor's salary or the constitutional officers. Then we could easily discuss separation of powers.

Senator Neal:

I would only say this one thing. I deeply respect you, Chief of Staff Kieckhefer. If you were on this side of the dais, would you make the same decision, would you ask very key questions to try to understand what is the need and the public policy purpose behind it, if it was a different person who you served?

Ben Kieckhefer:

I have, and yes. I should have gone back to try to find the minutes from every Governor's Office budget hearing. But I think that in every one of the meetings where I was a member of your body and I sat in that chair, I said on the record that the Governor's Office needed more resources to do its job, and it was and is underfunded. And I said that when the prior administration was here as well as the one before that. But that certainly does not mean that I do not think you should do your job and ask the questions that you are asking, and you always do, and I appreciate that about you. It is one of the things that I like most. No, absolutely, these are the questions I was expecting. I do not have a full answer on all of them, but I will get information to you. I look forward to the debate more because this will be coming as part of a piece of legislation on which we will have a full hearing.

Senator Goicoechea:

We are not talking about repealing NRS 281.123, we are only allowing these five positions, correct?

Ben Kieckhefer:

No, we are talking about eliminating the whole thing. We think that there are areas of need outside of the Governor's Office and more acute than the Governor's Office. I pointed to the Division of Water Resources, State Department of Conservation and Natural Resources, as one with which you might be familiar. I wanted to get that on the record.

Chair Monroe-Moreno:

That was our last question for the Office of the Governor Budget Account 101-1000. We will close the hearing on that and open the hearing on the Governor's Mansion Maintenance Budget Account 101-1001.

ELECTED OFFICIALS
OFFICE OF THE GOVERNOR
GOVERNOR'S MANSION MAINTENANCE (101-1001)
BUDGET PAGE ELECTED-14

Ben Kieckhefer, Chief of Staff, Office of the Governor:

Budget Account 101-1001 is the Governor's Mansion Maintenance budget. This is a flat budget that includes a couple of maintenance (M) decision units for fringe, statewide inflation, and decision unit enhancement (E) 710 specifically related to a laptop. The maintenance and buildings and grounds recommendations are consistent with some additional upkeep of the people's house that needs to be maintained. That is the extent of it. I was speaking with Kristen Dillard, who runs the mansion on behalf of the state. We may come back to this body to ask for a small increase for in-state travel for the First Lady. She is going to be more active, and we may need a small increase there. But that is more of a foreshadow of some other request that may be forthcoming rather than something that is in the budget as it is currently presented to you. I would be happy to answer any questions.

Chair Monroe-Moreno:

It is interesting that you say a flat budget, because there is a huge increase here from previous bienniums. We have a few questions. We will start with Assemblyman Miller.

Assemblyman Miller:

There is a significant increase from the previous biennium until now. It is an 800.5 percent increase as compared to the amount approved by the 2021 Legislature. The budget recommends going from \$29,522 to \$265,839. It looks like there are some significant projects and work being done. Would you go through the scope of what you are looking to complete?

Ben Kieckhefer:

I am going to defer to Ms. Stephenson to talk about the deferred maintenance projects that are included in this budget. I think most of the increase that you are talking about is related to the physical maintenance of the plant.

Amy Stephenson, Director, Office of Finance, Office of the Governor:

Some of the projects in the Governor's Mansion budget for deferred maintenance include replacing the carpet. There is a heating, ventilating, and air conditioning (HVAC) project, which is not cheap. There are some other items including redoing the floors and other maintenance of the Governor's Mansion.

Assemblyman Miller:

Some floors, and maintenance, and HVAC work will be done. With all that you are looking to do, are we expecting this to be completed by 2025?

Amy Stephenson:

Yes, we hope to have all the deferred maintenance completed by the end of the 2023-2025 biennium.

Assemblyman Miller:

I noticed we have \$75,000 to replace wall finishes in the mansion, apartment, and stateroom. Can you provide some information for my knowledge? Are these just aesthetic things because you are in transition, or we like them, or are they necessary improvements?

Amy Stephenson:

These are things that we would have recommended regardless of the transition. These are things that must be done to the Governor's mansion.

Senator Dondero Loop:

I hear you saying that these are things that would be done regardless. When was the last time that things were replaced? I do not mean a broken kitchen cabinet. I mean things like concrete planters, which are aesthetic, versus things that are broken. But when was the last time that some of these things were done?

Amy Stephenson:

I will have to get back to you on that. I must double check that replacement schedule.

Senator Dondero Loop:

I remember some of this from before in another setting about landscape plantings and concrete planters, and things like that start to add up. I was curious about this. I and all Nevadans would love for the mansion to look beautiful. It is no secret that my parents lived behind the mansion at one time. It is wonderful that we have it, but we must also be judicious in what we are doing and do it differently, or not do it all at once.

Ben Kieckhefer:

I know the last time there was a significant overhaul of the Governor's mansion was in the Guinn administration. That was when a lot of the structural components were overhauled, and the building was truly refreshed. This work is not at that level by any stretch. These are deferred maintenance projects that the Buildings and Grounds Section, State Public Works Division, Department of Administration, felt were necessary. This was an agency request, and we did not make any changes to this request after the transition. This recommendation was in the works since last spring.

Senator Dondero Loop:

I remembered either in the Governor Sandoval or Governor Sisolak administration, one of them had the carpet replaced or some painting was done, or some maintenance was done. I just do not remember what, and that is why I was asking.

Amy Stephenson:

This list of work was developed by the State Public Works Division. I will get that schedule for you, but they are the ones who maintain the schedule of replacement for which we are asking.

Chair Monroe-Moreno:

Members, are there any other questions? [There were none.] We will look forward to getting more information about the replacement schedule, the maintenance schedules, and the cabinet secretary positions.

Ben Kieckhefer:

I look forward to it.

Chair Monroe-Moreno:

With that we will close the hearing on budget account 101-1001 from the Governor's Office and we will move to the Lieutenant Governor's Office. Members, we are going to hear this a bit out of order. We will start with budget account (BA) 1020. Then we will move on after we close that hearing to BA 1021.

**ELECTED OFFICIALS
OFFICE OF THE LIEUTENANT GOVERNOR
LIEUTENANT GOVERNOR (101-1020)
BUDGET PAGE ELECTED-101**

Stavros Anthony, Lieutenant Governor:

We will go through the budget, and I am happy to answer any questions, and then we will talk about the Office of Small Business Advocacy. First, I want to give you a quick outline of what the Office of the Lieutenant Governor is responsible for and what I am responsible for. I am the Chair of the Commission on Tourism, the Vice Chair of the Board of Directors of the Department of Transportation, and a member of the Board of Economic Development, Office of the Governor. I am the Chair of the Advisory Board on Outdoor Recreation, Division of Outdoor Recreation, State Department of Conservation and Natural Resources, and I am the Chair of the Keep Nevada Working Task Force within the Lieutenant Governor's Office. I also oversee the Office of Small Business Advocacy in the Lieutenant Governor's Office. I am a member of the Executive Branch Audit Committee, and I am a member of the Nevada Commission on Homeland Security. I chair the Cybersecurity Subcommittee. I am also the President of the Senate during the legislative session. Most importantly, I am committed to representing southern Nevada, northern Nevada, and the rurals in every single one of these commissions and committees and anything I do as Lieutenant Governor. That is what the Lieutenant Governor does. I am now going to turn it over to Rudy Pamintuan, my Chief of Staff, who will talk about the specific enhancements in the budget.

Rudy Pamintuan, Chief of Staff, Office of the Lieutenant Governor:

I am going to go over the seven enhancements in our budget for your review. Decision unit enhancement (E) 235 recommends funding for four cell phones for the Office of the Lieutenant Governor. Decision unit E-227 is a recommendation for a videoconferencing system in the Las Vegas office. Decision unit E-228 is a recommendation for a copier printer in the Las Vegas Office. Decision unit E-125 is a recommendation for membership in the Aerospace States Association. Decision unit E-225 is a recommendation for in-state and out-of-state travel for the Lieutenant Governor. Decision unit E-229 is a recommendation to fund one executive assistant and associated costs with that position. There is a one-shot appropriation for standard computer hardware and software replacement.

I want to take the opportunity to thank Daniel Marlow and Donald Carlson from the Department of Administration, and Brody Leiser with the Fiscal Analysis Division. We are new. We just transitioned into this office. Between our office and those three individuals, we spent countless hours in meetings, live and virtually, to go through this process. I want to thank them on the record for their hard work and dedication to the state of Nevada. Madam Chair, we will entertain any questions you or the members may have.

Chair Monroe-Moreno:

Let us go to decision unit E-229. There is a recommendation for a new executive assistant position. I believe in our backup documents you want that position to start on July 1, 2023, when customarily the starting date would be October 1, 2023. Can you explain why the accelerated date is requested?

Rudy Pamintuan:

Currently, we have only one full-time-equivalent (FTE) position in the Carson City office. The recommendation is to create another position to assist in the Carson City office. The reason we have requested an earlier date to fill that position is we currently have a person who is an FTE in our Las Vegas office who we will move into that position. She is already employed at a lower-labor category, and we are going to shift her to the next category.

Chair Monroe-Moreno:

Did I hear you correctly? The person who would be in this position is currently in Las Vegas and she would be shifting here to Carson City.

Rudy Pamintuan:

No. She will be shifting to the new position, but she will remain in Las Vegas.

Chair Monroe-Moreno:

Then if the start date is not approved, how will that impact your office? How will you still be able to function? What will you not be able to do if that hiring date is not approved for the position?

Lieutenant Governor Anthony:

We will continue along. It would be great if it were approved for July 1st. If it is not and it is approved for October 1st, we will just plug along.

Chair Monroe-Moreno:

Exactly how many staff members do you have in Las Vegas and here in Carson City?

Lieutenant Governor Anthony:

I have my Chief of Staff, Rudy Pamintuan, and I have two senior advisors. One is up here, and one is in the south. I have an administrative assistant who operates in the south. That is the person who I would like to make my executive secretary because I have all these commissions and responsibilities. I wanted the other administrative assistant to be here in the north for constituent services for the north and for the rural areas to help my senior advisor here. I currently have four staff. We are asking for one additional administrative assistant because it is important for me that the rurals in the north are represented just as much as the south.

Assemblyman Yeager:

I wanted to say thank you for the membership in the Aerospace States Association and wanted to encourage you to get involved with that organization. I am the only legislator who has gone to a few of their events over the past few years with our two prior Lieutenant Governors. I was dismayed to learn that we were not actually paying dues as a state, which obviously has nothing to do with you. It was a prior administration that made that determination. It is our responsibility, if we are going to benefit from that association, to make sure we are a dues-paying member.

I wanted to recommend this because there are a lot of exciting opportunities in Nevada, particularly in the drone space. We could take advantage of some of those connections. I learned a lot about different companies that were operating in the state in the aerospace industry that I knew nothing about. Thank you for putting that in the budget. If you can find the time to get involved in the organization, I think it would be a benefit not just to yourself, but to Nevada to look at those aerospace opportunities as I have.

Lieutenant Governor Anthony:

That is a great comment. The other thing I want to mention is any legislator who wants to get information about the aerospace industry through that association, please contact my Office. We will get you involved and get you the information that you need or if you would like to attend a conference or something, let us know.

Assemblywoman Backus:

You indicated you foresee the person who holds a position in the Las Vegas office will be elevated to this newly created executive assistant position in Las Vegas. What position are they currently holding? Are you thinking about eliminating that position in the Las Vegas office?

Lieutenant Governor Anthony:

The person is currently an administrative assistant. They would be reclassified at a higher pay to executive assistant. They would stay where they currently are in my Office, which has me, my Chief of Staff, a senior advisor, and then the executive assistant or executive secretary. Then the current administrative assistant position would be hired. They would be here in the Carson City office with the senior advisor who works here to assist him in managing the Lieutenant Governor's Office in the north and in the rural areas.

Chair Monroe-Moreno:

Members, are there any other questions on budget account 101-1020? Hearing none, we will close the hearing on the Lieutenant Governor's budget 101-1020. We will open the hearing for the Office of Small Business Advocacy budget account 101-1021.

ELECTED OFFICIALS

OFFICE OF THE LIEUTENANT GOVERNOR

OFFICE OF SMALL BUSINESS ADVOCACY (101-1021)

BUDGET PAGE ELECTED-98

Stavros Anthony, Lieutenant Governor, Office of the Lieutenant Governor:

I have a new person here, Sarah Johnson. She is the Director of the Office of Small Business Advocacy. Just to give you a little background on this Office, it was approved by the Legislature during the 81st Session. There was bipartisan support for it. It was created but was not funded for the upcoming biennium. There is a sunset clause for July 1, 2023. The previous Lieutenant Governor submitted Senate Bill 24, which is currently going through the process to fully fund the Office and make it permanent. I support the bill 100 percent. I support the previous Lieutenant Governor's bill to fully fund it and eliminate the sunset.

The purpose of the Office is to help small businesses navigate all the federal, state, and local regulations, licensing fees, and requirements including everything that a small business needs to go through to open when it comes to federal, state, and local regulations. It can be very onerous, and some people must hire lobbyists to help them get through the process. We want to be the place that a small business can call and say can you help me get through the government process so I can get my business open. We will do that. That is our commitment. I would like to introduce again, Sarah Johnson, who can talk about some of the successes that she has had when it comes to helping small businesses since we took over the Office.

Sarah Johnson, Director, Office of Small Business Advocacy, Office of the Lieutenant Governor:

We work with small businesses on licensing and regulation issues, so they may come to us when they already have an issue [[Exhibit D](#)]. We work in tandem with state and local agencies as well as community stakeholders like chambers of commerce and things like that to help small business owners in the state. We have been operating about nine months since it was funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

We have done resource fairs, two in the north and two in the south, and we have a lot of plans to do more in the future with rural communities. We also do small business roundtables where we get a better understanding of the issues that small business owners are facing. So far in the nine months that we have worked with small business owners and entrepreneurs here in the state, we have helped 226 businesses through our online portal, which is the Intranet Quorum system, as well as them coming to us directly. If you have any questions, I will be happy to answer them.

Chair Monroe-Moreno:

Thank you. We do have a few questions. We are going to start with Senator Neal.

Senator Neal:

I do not know if you know the history, but it took two sessions to get the Office approved. I can tell you now that I was not a proponent of it during the first go-round and grudgingly supported it in the second go-round. To me it was always a duplicate of what the Department of Business and Industry (B&I) was doing. The B&I has a business resource office that focuses on capital, engagement, and talking to small businesses about what they need. Tell me what you would be engaged in that is different. I read that you are thinking about hosting legal clinics for entrepreneurs. The first thing that came to my mind was who else is doing this work, and why should you engage in this work outside of what B&I is doing or any other small business fund or group that is funded through the Legislature?

Sarah Johnson:

We do different things than B&I. I have talked with Marcel Schaerer, Deputy Director, Department of Business and Industry, and he fully supports the Office of Small Business Advocacy. From what I understand from Mr. Schaerer, they work more with businesses similar to what the chambers of commerce would do connecting them to resources within the state. Also, there is a huge focus with an eye on funding mechanisms. We do not do that. Mostly, we are happy to connect people if they have issues with that sort of thing, but we would defer to B&I and the chambers and other local organizations. We focus on licensing and regulation issues within the state and local governments.

Senator Neal:

That is the second part. You are bringing up all the reasons why I disliked this in 2019. The Office of the Secretary of State (SOS) is engaged in the role of the laws that affect businesses such as licensing, and whether those are effective. I know our Chair passed a bill in 2017 to allow for additional resources to be on the SOS website for disadvantaged businesses, and other programs that were in the state. Once a business registers, here are some other things that they should consider and engage in because these programs already exist and are being paid for by the state. To me, the crossover is duplicative. I thought it was duplicative before, and it is. Do not be offended by this last comment, but this is creating something to do, and it was creating something to do back then that was not necessarily the need or the role of the Office of the Lieutenant Governor.

Sarah Johnson:

I think a lot of what we hear from entrepreneurs in the state is that they call agencies, and they cannot get a response. They will call the SOS, or they will call their county government or city government to ask questions, or they will have an issue with the health district with licensing for their food truck, and they cannot get anyone to answer. I have worked with a lot of businesses, and we are making that phone call for them and making that connection to help them resolve their issues. That is what we are here for.

Lieutenant Governor Anthony:

I think part of it is we have all these agencies that are siloed. They understand their area, and they can answer questions about their area. But if somebody wants to understand what the local regulations are, then they must call the local government, and then they do not understand what the state regulations are. They must call somebody in the state. Again, these are small businesses; we are not talking about Tesla or large companies. We are talking about somebody such as a family who owns a business, and they do not understand who to talk to. We want to be the person who can let them know this is what you need to do. We are going to hold your hand; we are going to get you through this; we want you to open up your business; we want you to start making money; we want you to start employing people; and the short amount of time to do that is when to help them with all these fees and regulations that not everybody understands. We are going to have all that information to help these folks.

Chair Monroe-Moreno:

I have one question before I move on. I have a list of members who would like to ask questions. On the backside of the handout that you provided [[Exhibit D](#)], it showed you work with a number of organizations. Could you tell me exactly what those relationships are, what those partnerships are, and what you do with those organizations?

Sarah Johnson:

These are stakeholders. We host resource fairs with them, and we also refer small business owners when they have questions regarding funding to these organizations. We work together with them.

Chair Monroe-Moreno:

As Senator Neal stated, in 2017 there was a bill passed by this body where the SOS helps when a business applies for a new business license or renews their state business license if they are a woman-owned business, a minority-owned business, or a veteran-owned business. The SOS populates information, if they choose to disclose that information, to help their businesses grow and help find funding and financing. What is your relationship with the SOS? How is that mechanism, which was put in place in 2017, working with your Office now to help our small businesses? We know small businesses are the backbone of all our communities throughout the state. What is the working relationship with the SOS?

Sarah Johnson:

The relationship is good. We just came into the role in January. I understand historically we have worked with the Secretary of State on recommending changes or more improvements to SilverFlume. That is working now. It is going through with a one-stop-shop bill that is on the table as well with some improvements to SilverFlume. I think that has had a lot to do with the small business owners to whom we have spoken. We have referred our recommendations for improvements to the SOS.

Senator Titus:

I am glad to hear the comments from Senator Neal because I too did not support this and was consistent in not supporting it and did not vote for it when it came through before. I am excited to hear that my colleagues also did not support it, but somehow it passed. I went on the record as not voting for this.

It seems to me counterproductive that we must create an office to help businesses through the licensure process of this state. That has been one of my comments all along when it was first presented. What I would like to see your Office do is look at how you can eliminate some of those hurdles to a small business. That truly would be a focus you should have. When individuals reach out to you who need help, the goal would be for your Office to come back to us and say the problem is they need 20 different licenses. I had a small business in my community who owned a small mom-and-pop grocery store. That poor guy sold alcohol, ice cream, and chicken, and he needed different licenses for all those things. He was so frustrated because he was paying the same cost as a big chain store like a Walmart that could pay those fees with no problem, but he needed the same licenses for his small business.

Those are the kinds of problems I think you should be solving. But I am not hearing that is what you are doing. What you are doing is helping them maneuver through the hurdles, jumping over them, going around them, and not eliminating them. I have a hard time supporting this because of the very nature of the beast. It adds another layer of government. We have been having some conversations regarding all the commissions and all the oversight that people have on these things. It seems to me that we are again continuing to expand government. What we should be doing is looking at fixing our government, getting rid of some positions, and getting rid of these obstacles. I have a hard time justifying these positions in this Office.

Lieutenant Governor Anthony:

You are right. I had a bullet point right here to bring that up, and I failed to do so. That is going to be one of our main responsibilities as we navigate with these businesses, and as we discover these regulations, fees, and licensing requirements. If we find some that we believe are not necessary and are causing trouble, then I will go to the Governor or the department heads. I will go to your body to see how we can eliminate them, fix them, and make them easier. That will be a major part of what this Office is going to do. Ms. Johnson understands that. My commitment to you today is we will be doing that aggressively.

Assemblywoman Dickman:

It looks like the Governor is recommending the elimination of funding, and I am guessing that is because of the sunset. But does he support continuing this Office?

Lieutenant Governor Anthony:

He does support the Office. I am going to let Mr. Marlow talk about why that was set up that way.

Daniel Marlow, Administrator, Administrative Services Division, Department of Administration:

The budget was submitted with decision unit E-490 as the expiration of the grant because the second version of the original bill did not allow appropriations for this Office. We came to the Interim Finance Committee (IFC) and received authority to receive CARES Act and American Rescue Plan Act (ARPA) funds because the current legislation sunsets the Office at the end of the biennium. That is why decision unit E-490 was submitted with \$0. Also, the previous Lieutenant Governor had already submitted a bill draft request to remove the sunset instead of duplication of the proposed legislation.

Assemblywoman Dickman:

I suspected that was the reason, but I wondered if he was still supportive.

Senator Dondero Loop:

I have a two-part question. I would like to hear some future goals of what is going to happen, but I want to go back to the discussion that Ms. Johnson said about other departments not being responsive. The Lieutenant Governor made the same comment about not responding at all. As a legislator, I get calls all the time. I just received a call two weeks ago from somebody who said the Governor's Office said to call me. That happens all the time. I cannot tell you how many times somebody calls me and says, I called XYZ's office, and they told me to call you. Does that mean the person answering the phone did not want to answer the question? I do not know. Or does that mean they thought I knew the answer? We need to find efficiency in those other offices that are supposed to be answering those questions. I would like to have some discussion about the future goals of the Office of Small Business Advocacy if this legislation is passed and what will happen so that we do not have somebody calling me and saying the Office of Small Business Advocacy told me to call you or did not answer their phone or did not have the right answer. If you could provide that, it would be helpful.

Lieutenant Governor Anthony:

First, we are going to have a strategic plan put in place with goals. We have not had a chance to do that. You are eventually going to see the whole strategic plan for the Office of Small Business Advocacy. We want to be the office where if you do get a call and you are not sure of the answer and it involves regulations and fees, that you have them call us and we will handle that for you. That is the whole point of the Office—to respond when people get

phone calls and they do not know where to refer the call. If it involves regulations, fees on a federal, state, or local level, you can, or they can, call us and we will take it over for you.

Senator Dondero Loop:

Who would the staff consist of in that office?

Lieutenant Governor Anthony:

We would have a director and two deputy directors; one in the north and one in the south. The one in the north would handle the north and the rural areas. That would be the Office.

Assemblywoman Backus:

I know you had indicated that IFC had given CARES Act monies to initially fund the Office. Are there any other funding sources out there, including grants or anything like that, which could be dipped into to pay for this, or do you have any idea of other funding sources?

Sarah Johnson:

Yes, there are grant opportunities that we are exploring.

Assemblywoman Backus:

Would those additional grants be able to cover the entire Office costs? What kind of grants are those or what proportion of the costs would be covered?

Sarah Johnson:

Grants would not pay for the whole budget. Grants would be an ancillary portion of the budget.

Chair Monroe-Moreno:

To follow up on that, if the grants are not going to cover the whole budget, and if this is approved, will we be seeing this in future budgets to come out of the State General Fund to be part of your Lieutenant Governor's budget that is presented to this body?

Lieutenant Governor Anthony:

The request, as well as S.B. 24, is to fully fund the Office from the State General Fund. The grant opportunities would provide more available funding to do anything additional that we can do to support small businesses, whether it is to put on a fair or something like that. I do not see the grant opportunities supporting the Office, but grants would support additional things that we want to do. This is important to us. We want to support small businesses and will take on the challenge of anything that a grant opportunity allows us to do.

Chair Monroe-Moreno:

My final question is about positions because I want to make sure I have this correct. You would have a director and two deputy directors, one in the north and one in the south. Will there also be an administrative secretary or administrative assistant to assist in the north and the south?

Lieutenant Governor Anthony:

No. The current administrative assistant and executive secretary, if that is approved, would support the Office. We would not be asking for any additional administrative assistant positions. We would support them through the existing positions.

Sarah Johnson:

I am the director, and we have a deputy director here in Carson City who supports the northern and rural areas. We also asked for an administrative secretary in the original budget. There was a contract line item for \$75,000 to support communications, public relations, and marketing efforts. I come with that background. We are eliminating that request and then hiring an administrative secretary to take over some of the more administrative roles and duties.

Chair Monroe-Moreno:

You bring that skill set to the position. What happens when you find a different position with a bigger salary, and you leave us? Who then would be in the Office to fill in that gap if you leave?

Lieutenant Governor Anthony:

First, whatever Sarah said is accurate, not what I said. We will have to find somebody who has that skill set to do the work. We did eliminate the contract so she could take on those responsibilities. But we will have to find somebody to do that work.

Chair Monroe-Moreno:

Members, are there any other questions? Hearing none, I will close the hearing on budget account 101-1021.

That brings us to our last item on today's agenda, which will be public comment. If there is anyone here in Carson City who would like to make public comment, I invite you to the table now. [There was no one.] If there is anyone in Las Vegas, I invite you to the table in Las Vegas. [There was no one.] Do we have anyone joining us by phone who would like to make public comment today? [There was no one.]

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Members, that brings us to the end of our agenda. For those who serve on the Senate Committee on Finance, you will have a meeting downstairs in room 2135.

This meeting is adjourned [at 9:59 a.m.].

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblywoman Daniele Monroe-Moreno, Chair

DATE: _____

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a report titled, "State of Nevada Legislative Counsel Bureau Audit Division Audit Report Summaries 2021-2022," presented by Daniel L. Crossman, Legislative Auditor, Audit Division, Legislative Counsel Bureau.

[Exhibit D](#) is a two-sided fact sheet titled, "Lieutenant Governor's Office of Small Business Advocacy," submitted by Sarah Johnson, Director, Office of Small Business Advocacy, Office of the Lieutenant Governor.