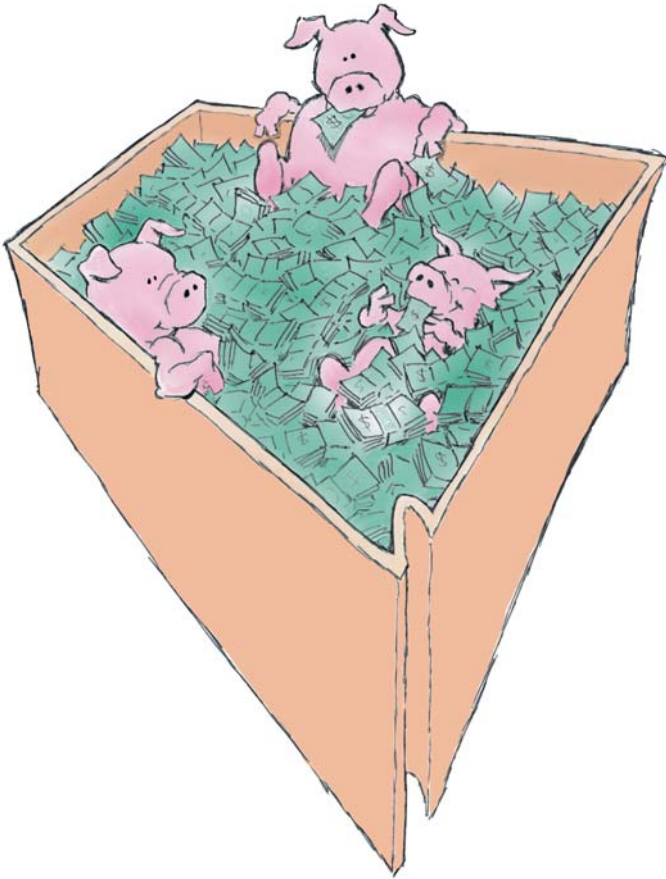


The Nevada Piglet Book 2008



by Louis Dezseran & Steven Miller

Second Edition

Introduction

After the 2003 Nevada Legislature passed the largest tax hike in state history, a state senator who played a central role in the increase seemed eager to discredit taxpayer criticisms. Scheduling a hearing for the public to supposedly suggest spending cuts, he set ground rules requiring so much expertise that only another state senator (an accountant) and a representative of the Nevada Taxpayer Association dared to speak.¹

But behind the general public's lack of testimony were important factors. How many citizens can make time to delve into the state's opaque, arcane, and often inaccurate documents? How many citizens want to risk being publicly insulted and embarrassed by powerful politicians justifying their big-spending ways? And in the case of government employees, how many would think it a good career move to publicly "out" their agencies?

The reality, of course, is that waste in Nevada is rampant, and until the Nevada Policy Research Institute (NPRI) began its current accountability project, state and local governments have been subject to virtually no consistent, independent oversight.

In the following pages, NPRI examines government waste from a new angle, reporting the results of months of open-records requests made of state agencies and local governments. Much of the data has been posted on a new website recently launched by NPRI – www.TransparentNevada.com – while the stories behind some of the numbers have made their way into this 2008 *Nevada Piglet Book*.

NPRI has been greatly assisted in this effort by Citizens Against Government Waste. This booklet combines NPRI's in-depth and first-hand research into Silver State spending at multiple jurisdictional levels with the national insight and expertise of CAGW.

This year's publication is only the beginning.

Local governments and their ‘make-me-look-good’ slush funds

Nevada politicians routinely allocate petty cash slush funds to themselves to spend as they see fit. While state officials get just \$500 in petty cash, Reno City Council members annually give themselves \$10,000 each, and Clark County commissioners annually bestow upon themselves \$15,000 each. In the city of Las Vegas, City Council members annually bless themselves with a whopping \$35,000 each. Even that sum is lower than the figures Vegas Council members were allocating themselves before July 2007, when they finally agreed to specific limits.

As of January 2008, Las Vegas City Council members had, over the previous 18 months, spent \$190,000 on random special events. Or, perhaps, not so random:

- \$1,200 for pencils and bottles bearing Councilman Steve Wolfson’s name;
- \$1,000 for beach balls bearing Councilman Steve Ross’s name; and
- \$795 for candy bars with Councilman Lawrence Weekly’s name emblazoned on them.

Other money used to “familiarize residents with their elected officials” included:

- \$3,400 for backpacks;
- \$2,500 for a performance by the 1970s band Super Freak;
- \$2,250 for celebratory hula dancers;
- \$1,950 for finger painting kits;



- \$1,400 for pastries;
- \$1,272 for decorative fabric;
- \$850 for a Frank Sinatra impersonator;
- \$800 for a mechanical calf roper;
- \$475 for balloon artists;
- \$475 for a Santa Claus impersonator;
- \$425 for Christmas carolers;
- \$399 for a disc jockey; and
- \$327 for Halloween bags.²

Pol's 'charitably' give away your tax dollars

It is said that charity begins at home. In Nevada, politicians' charity begins with taxpayer dollars. Of course, if it's not your own money you're giving away, it isn't genuine philanthropy.

Clark County officials spent \$24,575 of taxpayer money to subsidize fundraisers for several politically favored private nonprofit organizations. Subsidies included:

- \$3,750 for a table for 10 at a Public Education Foundation (formerly the Clark County Public Education Foundation) gala;
- \$2,500 for a table for 10 at an American Lung Association of Nevada fundraiser;
- \$2,000 for a table for 10 at an event of the Nevada Partnership for Homeless Youth – of which then-County Manager Thom Reilly and then-Assistant County Manager Virginia Valentine were directors; and
- \$2,000 for four to attend a University of Nevada Health Sciences Center fundraiser.³

In Reno, tax dollars in the tens of thousands are spent each year on donations, including:

- \$17,500 (over the last two years) to the Reno Rodeo Association;
- \$3,000 to the Girl Scouts of the Sierra Nevada; and
- \$1,000 to a nonprofit that restores antique fire trucks for display.⁴

While these particular private nonprofit groups may be worthy of voluntary support, when politicians and bureaucrats route funds from taxpayers to their own favorite private charities, it is clearly an abuse of office.

Unsavings in the Nevada College Savings Program

The Nevada College Savings Program was started in 2001 to help families save for higher education via the tax-free investing methods allowed by federal law when states provide such programs. Since the creation of the program, Nevada lawmakers have authorized \$1.6 million to be spent, in total, for marketing and oversight expenses. The money was supposed to come out of the fees payable to the state on the participating investment assets. Spending during the period, however, exceeded \$7 million.⁵

This \$7 million was paid for in large part by fee moneys due the state which were never deposited into the state treasury. According to Legislative Counsel Bureau auditors, in 2003 program officials in the state treasurer's office instructed the private firm managing the program to henceforth withhold all moneys due the state, to not remit them to the state treasury and to await instructions. Subsequently, on the instructions of officials in the state treasurer's office, more than \$3.4 million was paid by program managers to the program's plan advisor, while \$1.5 million went for marketing and advertising, \$985,000 for legal services and \$45,000 for other expenses.⁶

Because these transactions were done outside of the state system, they were invisible to taxpayers and appear to have involved several violations of contracts and law. The Contract Summary Form given to the Board of Examiners had stated that the program advisor's fees would be charged to the operating expenditures found in the state budget. They, of course, were not. NRS 353.249, NRS 353.253, NRS 353B.340 and NRS 353B.350 appear to have been violated.

To add insult to illegality, evidence suggests financial

mismanagement within the program. For years, no financial statements were prepared. Legal services for the NCSP cost the state more than \$428 per hour, although the contract specified a maximum per-hour payment of \$225. And because the program manager deposited fees due the state in a non-interest-bearing account, Nevada taxpayers most likely lost at least \$38,000 in accumulated interest.⁷

Does not compute

Nevada also has serious issues with accounting and data-entry errors, each of which costs Nevada taxpayers on average \$370.⁸ For example:

Health and Human Services: An audit found that while TANF⁹ benefits are supposed to be terminated if recipients are convicted of drug or child support offenses, benefits were improperly continued in multiple cases due to inaccurate data entry, poor accounting standards, and the staff's inability to respond to alerts entered into the system.¹⁰

Schools: The revenues for one school district were underreported by more than \$270,000.¹¹

Culture Vultures: The Department of Cultural Affairs reported that it spent \$534,000 when in fact it spent \$832,000.¹²

National Guard: Members were overpaid, and received undeserved tuition reimbursements for courses they never passed and for unneeded textbooks.¹³

Penalty payments: Clark County spent \$101,013 in late payments on utility bills when it had enough money in its accounts to pay those bills on time.¹⁴

Deposits into banks that don't exist: University Medical Center has no follow-up procedure on returned checks (which totaled \$149,611 over a six-month auditing period), deposits prepared are not reconciled with bank statements (variances were as high as \$6,833), and an audit found that cash deposits were made to some banks that do not exist while other such deposits were not listed.¹⁵

It's nice to be the ruling class

I. Ruling class salaries

The pay that many bureaucrats receive is excessive. Of Washoe County's 3,184 employees, 162 received total compensation¹⁶ packages exceeding \$100,000 last year.¹⁷ Thirty of Humboldt County's 203 public employees received total compensation over that amount,¹⁸ and 61 of Clark County's 8,106 employees received total compensation above \$200,000; over 1,072 made more than \$100,000.¹⁹

Also in Clark County, 716 employees involved in fire services received total compensation exceeding six figures, with the lowest paid firefighter receiving just over \$100,000 in total compensation, and the highest paid firefighter receiving \$248,516²⁰ – almost double the amount paid to Nevada's governor. In contrast, Churchill County has a completely volunteer fire department, and it received the Insurance Services Office Class 1 rating.²¹

The county only paid for the volunteer firefighters' uniforms and equipment at a cost of about \$68,000 last year.²² Thus, Churchill County's entire fire department costs its taxpayers about half of what Clark County pays a single firefighter.²³

Not only are public employees making exceptional salaries, their pay is increasing at a time when more and more private-sector Nevadans are facing job cutbacks. Last November, for example, Mayor Oscar Goodman and the Las Vegas City Council voted to double future mayors' salaries and raise council members pay by 48 percent. This February, the

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Regional Transportation Commission of Southern Nevada gave its director a 7 percent “merit raise” to almost \$229,000 per year.²⁴ Moreover, something resembling government-class arrogance is growing increasingly prominent. When NPRI made open records requests to Nevada’s counties and larger cities this year regarding compensation for public servants, many organizations were quick to respond, but others were distinctly unhelpful: Reno’s city records retention manager replied in an e-mail, “The City does not have a document containing the information you seek; no such document exists.”²⁵

Part of the class privilege of public employees over-taxpaying private-sector employees is that, in addition to their high base salaries, government employees can increase their pay for doing little extra. Last year alone, the state paid \$721,850 in standby pay²⁶ – essentially, money paid for no productivity. The Clark County Police Department, Clark County Park Police, and Clark County District Attorney Office’s investigators receive holiday pay for such faux holidays as the last Friday in October (Nevada Day), the Friday following the fourth Thursday in November (Family Day), and the employee’s birthday. If the employee works on these and other national holidays, he or she receives both holiday pay and time-and-a-half for hours worked.²⁷

The government/private sector discrepancy continues on the overtime front. Nevada’s state, county and city governments spend millions each year on employee overtime, with some local governments allocating more than 10 percent of their salary budgets to overtime pay. Open records requests found that Clark County spent \$32.5 million on employee overtime;²⁸ the State of Nevada spent more than \$29.1 million;²⁹ the city of Las Vegas paid out more than \$21.3 million (in fact, one of its employees made more in overtime compensation than he made in base salary,³⁰ and employee



salaries now make up close to three-quarters of the city's overall spending³¹); Washoe County spent more than \$2 million;³² Carson City spent over \$1.6 million;³³ Douglas County spent \$1.4 million;³⁴ Lyon County spent \$1.08 million;³⁵ Humboldt County paid out \$361,860;³⁶ Eureka County spent \$144,558;³⁷ Lander County spent \$125,992;³⁸ and even Esmeralda County, with a population of just a few hundred people, spent \$16,000.³⁹ Further, it was found that at Clark County's University Medical Center alone, at least \$6.8 million could be saved simply by reducing the overtime to normal levels.⁴⁰ Nevada state auditors also found that in many cases, public employees received overtime pay despite the overtime not having been approved in advance by supervisors.⁴¹ Yet another audit found that some law enforcement personnel received more overtime than is allowed under their contracts, in violation of law.⁴²

II. Ruling class benefits and perks

While government employees traditionally receive a generous benefits package, Nevada taxpayers are hit for an exorbitant amount in this area. A recent study found that the state spent \$14.3 million on health care benefits for state retirees just four years ago, but \$36.6 million will be spent for these benefits this year. Further, it will cost the state \$3.3 billion to cover this benefit over the next 30 years. In comparison, the private sector has



been cutting health care programs and encouraging employees to buy their own medical insurance.⁴³ While state retirees who do not qualify for Medicare should not be cut off, reform is necessary before entitlements bankrupt the state.

Beyond their fat salaries and ample benefits, public employees receive other perks that are costly to taxpayers. An open records request found that some Clark County employees receive annually up to \$2,275 as a clothing allowance, up to \$7,200 as a car allowance, and \$400 as a tool allowance. The brown ties worn by Clark County police officers only cost taxpayers \$4.42 each, but their tie tacks cost \$22.75.⁴⁴

Nevada's state retirement system allows employees to retire early and draw full benefits as well as a significant portion of their salaries for the duration of their lives.

Some public employees get the use of vehicles whether genuinely needed or not. Emergency employees may need round-the-clock county vehicles for after-hours calls, but other employees who never receive emergency calls (such as the Clark County assessor) do not.⁴⁵

Finally, Clark County firefighters are fronted the entire cost of tuition for any class taken toward a degree in criminal justice, fire science, fire administration, or public administration, plus paid time-and-a-half for hours spent in class.⁴⁶ Such overly lavish benefits are an insult to the taxpayers who subsidize them.

III. In hock for billions in retirement benefits

Nevada's state retirement system allows employees to retire early and draw full benefits as well as a significant portion of their salaries for the duration of their lives. Public employees can retire at age 65 with five years of service, age 60 with 10 years of service, and, in some cases, at any age with 25 years of service. They then will receive these taxpayer-funded benefits and pensions for the rest of their lives.⁴⁷

Today, an average state government retiree aged 60

receives \$2,216 per month – 50 percent more than was received in 1998. Police and fire retirees over 55 average \$3,549 per month – 60 percent more than was received in 1998.

Because the average government worker retires after just 19 years,⁴⁸ the cost of these benefits is escalating. Nevada's Public Employees' Retirement System (NVPERS) currently has an unfunded liability of 16.8 percent (\$4.8 billion) and growing, while the police officer and firefighter retirement system has an unfunded liability of 26 percent (\$1.7 billion) and growing.⁴⁹

Reforms could include capping the benefits paid out, requiring that retirees pay a small monthly fee to continue their benefits, increasing the number of years for full retirement eligibility or indexing retirement to a higher age,⁵⁰ discontinuing the practice of letting employees buy additional years of retirement,⁵¹ ending the practice of allowing volunteers to retire with benefits,⁵² mandating that a portion of overtime pay be included in retirement contributions,⁵³ mandating a larger employee contribution to the retirement system,⁵⁴ increasing vesting policies such that a half-time employee is not vested for retirement after just 2.5 years of actual work over a five-year period,⁵⁵ removing some of the more stringent work requirements prohibiting PERS members from continuing to work after retirement,⁵⁶ hiring more contractors who do not qualify for pensions in contrast to civil servants,⁵⁷ and lowering the annual increases in benefits received by retirees.⁵⁸

The invisible plastic people

Allowing designated government employees to use credit cards to expedite purchases can be a great way to cut out the bureaucratic middle man – if solid administrative controls are in place. If not, however, it's often just another way to take taxpayers to the cleaners.

Government auditors regularly find that state and local officials do not ensure that public employees treat their

taxpayer-funded credit and gas cards with respect. This year, for example, a Legislative Counsel Bureau audit of the Nevada Highway Patrol (NHP) found that the agency does not maintain complete and accurate records of fuel and other credit cards it issues to employees. When auditors brought lapses to the attention of NHP officials, the officials prepared and offered supposedly more complete records. Even on those new records, however, the individuals using some 200 credit and gas cards remained unidentified.⁵⁹

Auditors also noted that NHP officials were routinely oblivious to red flags on fuel card invoices. Ignored warning signs included 1) the purchase of gas in California, 2) a law enforcement official who was transferred from one government organization to another and continued for nine months to use the initial government organization's gas card, and 3) another law enforcement official who bought diesel fuel, despite the fact that the government vehicle he'd been issued was gasoline-powered.⁶⁰

In Clark County, audits verified that there "is no way to keep someone who has a County PIN or knows a County PIN from taking the card to a retail location and filling up a non-County vehicle." Because county fleet coordinators don't inspect the fuel-purchase invoices they receive, "there are no ... controls for detecting whether personal vehicles are fueled with County cards."⁶¹

A city of Las Vegas audit found that when a credit card was stolen from a city vehicle and not reported, the card was used 295 times in Washington State for a total of \$8,503 in gas station charges before the city cancelled the card. Despite the security risk, a city employee had written the pin number for the card on the sleeve of its carrier.⁶²

City audits found that poor record keeping was behind these instances of chronic waste.⁶³ Unfortunately, nearly all audits inspect a limited, often random, sample of items rather than all records. This suggests that only a small subset of the waste is being noticed.

The A-B-C's of W-A-S-T-E

While it may be difficult to put a price tag on a good education, it is easy to put a price tag on wasteful education expenditures.

In 2005, the Clark County School District (CCSD) hired the U.S. subsidiary of the German software giant SAP to implement an Enterprise Resource Planning (ERP) project to consolidate all of its back-office operations into a single integrated system – at a then-estimated cost of \$25 million.

When the program was first kicking off, district officials told *eSchool News* that they were aware of all the problems ERP implementations had run into elsewhere in the U.S. The online magazine noted that in Philadelphia, a \$15 million ERP project had ballooned into a \$36 million fiasco. And in San Francisco, officials spent \$2 million on software, and then another \$3 million-plus on consultants to figure out why the system wasn't working correctly. Notwithstanding these warnings, confident CCSD officials told *eSchool News* they would have the benefit of "learning from others' failures."⁶⁴

An optimistic outcome would be for total project costs to come in at \$47 million – an 88 percent cost overrun.

Today, however, 60 percent of the CCSD project is unfinished and mothballed – in "hibernation," according to district officials – and costs already exceed \$35 million. Included in those expenses were 16 consultants at \$100 to \$300 per hour for a cumulative cost of approximately \$642,000 per month. As of March 2008, one consultant was still employed by the district to oversee its hibernating ERP system, at a rate of \$28,000 per month or \$336,000 a year.⁶⁵ District officials say they will seek another \$12 million from the 2009 Nevada Legislature to complete the project. Thus, an optimistic outcome would be for total project costs to come in at \$47 million – an 88 percent cost overrun.

City's joke's on taxpayers: telephone joke-of-the-day

City employees in Las Vegas rack up about \$14,500 in long-distance telephone charges every year, says the city auditor, and about 5 percent of the land-line calls are personal calls that get billed to the taxpayers.⁶⁶ When it comes to cell phones, however, it's about 12 percent of long-distance calls that are for personal purposes, rather than city business. Because the city has 456 cell phones that are, it says, not individually assigned, no employees are accountable for the charges from those phones.⁶⁷

Auditors found that during just one month inspected (June 2006), the city was billed almost \$14,000 for approximately 350 "live" cell phones on which no calls were placed by any city employees. On an annual basis, that level of waste would come to about \$168,000. Audits also found that hundreds of dollars a month were going into charges for special ring tones, calls to 900 and 888 numbers, and services such as the joke of the day. Some \$36,000 could have been saved

if some cell-phone users did not repeatedly exceed their usage plans.⁶⁸



'Cleaning up' via outsourcing contracts

Outsourcing can be an effective way to save taxpayer money, but evidence suggests Nevada's spending and record-keeping on outsourcing is hit-or-miss. Purchases of state and local govern-

ments from businesses and nonprofits are not even held to the same accountability standards as are projects run within governments. And because the state does not enforce uniform reporting standards, there is a significant risk of undetected waste. For example, most spending is listed quite vaguely – such as “item 000847” – making it impossible to determine the services purchased.

In the six months from July to December 2007, more than \$39.9 million was spent by the State of Nevada on 107 contracts. Data on 23 other contracts could not be found by the state controller’s office – which receives its numbers from the state Department of Administration’s division of purchasing. Because all purchases made by state employees to be reimbursed are not tabulated under contract or outsourced spending,⁶⁹ millions more may have been spent undetected. Since outsourced spending of \$58 million was recorded in the 2006-2007 fiscal year, total numbers for the most recent fiscal year are likely to be quite high.

I. Fuzzy frogs in Washoe

In Washoe County, this past fiscal year, more than a quarter of a million dollars was authorized to be paid *each month* for the cleaning of county buildings.⁷⁰ The county also spent:

- \$339,000 on orthophotos;
- \$21,000 to install artificial turf at dog parks;
- \$15,000 for Latino Tobacco Prevention and Education (as opposed to tobacco prevention and education for everyone);
- \$11,925 for sports bottles;
- \$5,000 for media publicity for Bike to Work Day;
- \$3,760 on cat carriers and leashes;
- \$2,000 on an “Earth Day Celebration;”
- \$1,700 on two BBQ grills;
- \$1,045 to tint six windows;
- \$1,000 on brick engraving;

- \$899 for three stationary bikes;
- \$693 for hackey sacks;
- \$689 for a case of sand-filled “stress balls;”
- \$500 on an item labeled as “A Notable Evening of Romance;”
- \$455 on kimonos;
- \$459 on two 8x10 photographs; and
- \$440 on 500 fuzzy frogs.

II. 100-pound pigs in Clark

An inspection of Clark County records reveals much spending during the 2007 calendar year of little seriousness. In addition to tens of thousands for random performers like pirate impersonators and comedic acrobats for the Clark County Renaissance Festival,⁷¹ monies spent included:

- \$105,112 on a skateboard park;⁷²
- \$61,590 for public service announcements on flood safety;
- \$44,439 for arts and crafts and party supplies;
- \$9,675 for a lawnmower recently quoted at \$7,485;⁷³
- \$3,000 for a performer for the Las Vegas Jazz Society;
- \$1,225 for a Santa and Mrs. Claus and three elf characters for two hours;
- \$1,050 for DJ and party services;
- \$550 to rent a dance floor;
- \$500 for Native American art;
- \$200 for a petting zoo;⁷⁴ and
- \$200 for four 100-pound pigs.⁷⁵

III. Rock in the rurals

In Mineral County, \$16 million was spent on contracts over a two-year period, with \$1,750 for a magician, \$990 for wrist bands, \$778 at an archery shop and \$600 allocated to a rock band. Lander County spent \$11.9 million, with such expenses logged as \$5,088 for a “loss on a junked asset,” \$2,793 for a bluegrass festival, and \$920 for credit card fees.⁷⁶

Humboldt County exceeded \$10 million in just one year,⁷⁷ Pershing County spent \$8.7 million, Lyon County spent \$1.6 million,⁷⁸ and White Pine County spent more than \$27 million in purchasing, with \$9,000 in taxpayer funds allocated to a bull-riding contest.⁷⁹

Unhealthy health finances

Legislative auditors looking at managed care controls under Nevada's Department of Health and Human Services for the January 2004 to June 2006 period found that the department's division of health care financing and policy blew \$19 million on overpayments and payment errors. More than \$1 million was paid to providers who billed at rates higher than allowed. Under the law, billing can occur at \$250 per day, but some providers billed and were paid \$1,345 daily.⁸⁰

Ambiguous record-keeping led to the waste of another \$4.8 million. Fiscal year 2006 records on pharmaceutical sales are not detailed enough to determine whether errors occurred, but two unlisted drug codes were billed 35,000 times, while the 10 next most billed codes (all of which were actually listed) were billed only 6,000 times.⁸¹ Similarly, the state's accounting standards are not detailed enough to determine the amount of drugs purchased from an outside vendor, suggesting that millions of dollars more in waste could have gone undetected.⁸²

Auditors found HHS's Division of Welfare and Supportive Services overpaid recipients about \$7 million, but that reporting mechanisms are not adequate to provide details.

Audits also suggest the overuse of some drugs. For instance, the suggested dosage for a particular renal drug is 500 units per month, but some patients obtained as many as 3,360 units per month, costing the state an extra \$932,000. Audits also reported that \$4.4 million was paid for services that should have been covered by managed care organiza-

tions,⁸³ that the Nevada Public Employee Retirement System continued monthly health care benefit payments to a person who had been deceased for three years at a cost of \$4,217, while a former employee, after being terminated, continued to be covered by the plan.⁸⁴

Auditors also found HHS's Division of Welfare and Supportive Services overpaid recipients about \$7 million, but that reporting mechanisms are not adequate to provide details.⁸⁵ They added that the nature of the overpayments makes it unlikely the money will be recovered.

The long-distance inspectors

The Department of Public Safety's fire marshal division is supposed to inspect buildings for safety issues, but audits found mismanagement of the program that both wasted money and skipped inspections. Additionally, when inspections did occur, they often involved employees traveling long distances to the same areas multiple times, but only performing a few inspections on each trip.⁸⁶

For example, one inspector drove from Carson City to Southern Nevada 13 times in a year. While he spent 208 hours driving, he logged just 116 hours' worth of inspections. Because his salary, travel and per-diem costs totaled \$19,000, and since he did 174 inspections of licensed facilities, the net cost of each inspection was \$109. However, because the fee for licensed facilities to be inspected is \$22 per inspection, the result was "unrecovered costs of \$87 per inspection, or about \$15,100."⁸⁷

On three other occasions, officers traveled from Northern Nevada to Las Vegas to perform five inspections and one investigation. Of the 96 hours spent on the trips, officers



reported 48 hours traveling, 21 hours of work, and nothing for the remaining 27 hours.⁸⁸

In Clark County, a March 2008 report by Kessler International found that even when complaints are filed with the county, those complaints are not investigated for months, may be logged into the system with errors, or may be deleted from the system before investigation.⁸⁹ The county's building inspections may also be completed out of order – with preliminary, rough inspections occurring after final inspections. Sites may also not be investigated properly because some contractors do not speak English, or they may never be logged into the system for inspection at all.⁹⁰ Finally, the Kessler audit found that inspection time is over-reported up to 43 percent, with some employees logging time spent consulting on applications as both inspection and consultation time.⁹¹

Nevada's culture vultures

Between 1995 and 2004, lawmakers increased the Department of Cultural Affairs' budget by 81 percent. This increase, however, occurred at the same time that the public desire for the department's main "product" declined – as measured by a 15 percent drop in the number of museum visitors.⁹² Thus Carson City has been requiring taxpayers to fund more projects that fewer people want.

The department's hit on taxpayers grows exponentially when the state Department of Public Works joins in. The Nevada State Museum in Las Vegas, originally projected to cost \$35 million, will now, like many DPW projects, be late and well over budget. The cost is now estimated at \$53 million, an increase of 51 percent, and the museum's opening has been postponed until February 2009. Material and labor costs have



been blamed as the major culprits, but even the high labor costs stem largely from politicized state wage policies.

End-running the contract-bidding rules

One of the primary practices wasting taxpayer funds in Nevada is the circumvention of the contract-bidding process. The Las Vegas Housing Authority, for example, hired a consulting firm for \$50,000 without free and open competition, and then increased the amount of that contract to \$200,000 without board approval.⁹³ In another case, the state paid \$7 million to a highway design architect to design a Henderson intersection as part of a \$94 million project. When the plans were alleged to be defective, another \$9.4 million went to the highway contractor and an additional \$211,149 went to another consultant to fix the plans.⁹⁴

Clark County Commissioners – wearing their University Medical Center (UMC) trustee hats – hired a CEO for UMC out of the notorious Chicago political machine, and then allowed him to operate without oversight. Ex-CEO Lacy Thomas is now facing criminal charges for paying about \$10 million⁹⁵ into a Chicago friend’s consulting firm for a no-work contract, among other allegations of misconduct.

UMC also hired Dr. Dipak Desai as a contractor for \$84,000 per year – after which he broke his contract and offered his clinics’ services for much more money. Although another company offered to perform the same services for \$960,000 per year, the county turned the offer down and gave the politically connected Desai a contract worth an average of \$1.05 million per year.

The contract did not call for him to perform any operations at UMC, however, but rather to have patients referred to his private practice – where he billed them for the services on top of the money already being received from the hospital.⁹⁶ Desai’s endoscopy offices have subsequently been closed by authorities after allegedly causing the country’s largest mass infection of Hepatitis C and possibly Hepatitis B and HIV.⁹⁷

Staffers say he insisted that syringes and single-dose vials of medicine be re-used on multiple patients, in violation of safety protocols.⁹⁸

Bored boards

The State of Nevada officially lists 176 boards and commissions, some of which receive no funds from state lawmakers, while others are allocated six figures each year. While numerous boards serve useful functions, others waste government time, money, and other resources.

The Nevada Rangeland Resources Commission, for example, paid \$4,383 for a coloring contest for children, hired an outside firm to write up a five-year strategic plan, and purchased 2,000 posters of cows and sheep.⁹⁹

In some cases, NPRI has been confidentially informed, appointed commissioners have no idea what their responsibilities are and allow themselves to be run by the commission bureaucracies. In other cases, boards are used by appointees to damage or intimidate competitors.¹⁰⁰ An appointed independent review panel should consolidate or eliminate unnecessary boards and commissions.

Spending taxpayers' money to lobby for more taxpayer money to spend

Local government entities in Nevada have spent at least \$10.8 million lobbying other governments since 1999. Clark County spent the most at more than \$2.3 million, while Washoe County spent \$837,666.¹⁰¹

Cities and counties spent \$92,715 on gifts and entertainment related to lobbying, with the city of Mesquite spending \$51,000 on gifts and entertainment related to lobbying from 1999-2001. (NPRI submitted an open records request asking what the money purchased, but the city of Mesquite said its records from those years had been destroyed without any electronic back-up.)¹⁰²

State boards also use the money they are allocated by the

state to, in turn, lobby the state for additional resources. For example, the Board of Marriage and Family Therapists in 2005 spent \$10,000 on lobbying and in 2006 spent \$7,500.¹⁰³ The State Board of Architecture, Interior Design, and Residential Design spent \$13,750 on lobbying;¹⁰⁴ the State Board of Dental Examiners paid a lobbying firm \$1,500 per month;¹⁰⁵ the Board of Optometry paid \$12,506 for lobbying in 2005;¹⁰⁶ and the Board of Professional Engineers and Land Surveyors spent \$37,500 on lobbying in that year.¹⁰⁷

Interestingly, the city of Reno failed to report any lobbying expenses to the state. When NPRI asked a state analyst about this, he in turn contacted the city and received a compliant but tardy report stating the city spent about \$280,000 on lobbying in 2007. There may be other government entities that have failed to fully report their lobbying expenses.

In Washington, D.C., the state's office spent \$267,709¹⁰⁸ lobbying the federal government last year. This amount, however, is dwarfed by the tens of millions spent in Washington by government entities in Nevada overall. The largest expenditures came from the Nevada System of Higher Education (at least \$1.2 million in combined expenses) and the office of the Clark County Manager (\$566,000). Oddly, the Las Vegas Convention and Visitors Authority (\$270,000) spent more on federal lobbying than did the city of Las Vegas (\$240,000).¹⁰⁹

Intergovernmental lobbying is almost impossible to investigate unless it exceeds \$6,000 at the state and local level or \$10,000 at the federal level.¹¹⁰ Thus a good deal of additional lobbying dollars may have been spent under the radar. Nevada lobbies the federal government to receive federal pork-barrel spending, and while this pork is itself a problem, Nevada's lobbying for more pork largely only benefits the lobbyists, since the state ranks 49th in terms of federal aid to state and local governments per capita,¹¹¹ 50th in federal spending per capita, and gets only 73 cents from the federal government for each dollar sent to D.C.¹¹² Firmer limits on use of taxpayer moneys in this area and stricter disclosure laws are vital to reform.

Oops ... We've lost our guns and drugs

Nevada state and local employees are experiencing epidemics of forgetfulness, as numerous expensive items under their care regularly disappear. A 2008 audit of the Nevada Highway Patrol (NHP) found that the law enforcement agency routinely ignored laws requiring it to keep track of NHP equipment through annual physical counts. As a likely result of this failure, the agency lost track of 103 weapons and (temporarily) three motor vehicles, said auditors. Previously, in 2007, the state Department of Public Safety, parent agency of the NHP, reported that as many as 90 handguns and rifles and large quantities of methamphetamine and other drugs the state stored in a vault in Fallon had disappeared. The state attorney general's office has begun a criminal investigation.¹¹³

It's time, ladies and gentlemen

The old saying, "time is money," has never been truer than when Nevada legislators meet. Because the state constitution limits Nevada lawmakers to meeting 120 days every other year unless a special session is called, legislators must accomplish a large amount in a short period.

However, they regularly spend their scarce time passing picayune resolutions. In 2007 they devoted hours to:

- designating March 2 as "Read Across America" Day in Nevada in commemoration of Dr. Seuss' birthday;
- designating March 28 as Kick Butts Day in Nevada;
- commending the memory of the Pony Express;
- congratulating the Center for Basque Studies at the University of Nevada, Las Vegas for its 40th anniversary;¹¹⁴
- commemorating the 100th anniversary of the United Parcel Service;
- congratulating the University of Nevada, Reno basketball team for having a good season;
- encouraging Congress to develop an off-highway vehicle park;¹¹⁵

- recognizing March 25 as Greek Independence Day;
- recognizing the contributions of Hellenic Macedonians to culture and creativity;
- commending the achievements of a rodeo announcer;
- congratulating someone for becoming the representative of the Taipei Mission to Latvia; and
- recognizing May as Older Nevadans' Month.¹¹⁶

Conclusion

Most of the wasteful spending identified in the 2008 *Nevada Piglet Book* is, for practical purposes, largely hidden from taxpayers. Thus, an immediately appropriate reform for Nevada lawmakers to embrace would be much greater transparency in state and local governments. Many other states are implementing websites that publicly report the spending of jurisdictions, and do so in user-friendly ways. Florida, Hawaii, Kansas, Louisiana, Minnesota, Missouri, Oklahoma, South Carolina and Texas are just a few.¹¹⁷ Surely Nevada lawmakers can do as much.

Recently, Governor Jim Gibbons issued an executive order scheduling the implementation of greater transparency through a searchable state-spending “checkbook” and other steps,¹¹⁸ described at www.open.nv.gov. While this is an excellent first step, the governor will need legislators’ cooperation if Nevada voters are to, at last, have accountable state and local government. Many reforms suggested by NPRI will be found on www.TransparentNevada.com.

This second edition of the 2008 Nevada Piglet book has been slightly modified for purposes of clarification.

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